

# SUCCESS IN CHANGE



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## GERMAN CHANGE READINESS INDEX 2017

A study conducted by Staufen and Staufen Digital Neonex

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# Editorial



Wilhelm Goschy, COO, STAUFEN.AG

Dear Readers,

Many of you have known Staufen for years and appreciate us for things such as our pragmatic nature. And like my colleagues, I too feel drawn to your offices, production halls and development labs — the very places where value is created. Some people see this attitude as the ability to implement things effectively, but for us, it is simply a matter of focusing on our clients.

And no matter how efficient a company becomes, it cannot afford to forget that it needs to regularly reflect on its own actions; it must critically examine positions it had always considered to be positive and correct.

This study entitled "Success in change" was written to assist businesses in taking this critical approach to corporate self-image. To prepare the study, we spoke to over 650 top-tier managers at German companies.

At first glance, the title may be unclear: it might seem like a purely abstract and vague distinction as to whether the criteria for success are in transition or whether transition was successfully mastered. But the opposite is true. Our study and the Change Readiness Index (CRI) that resulted are not some academic construct that was reverse-engineered to conform with the status quo. The purpose was to learn as much as possible about your everyday work life in terms of one critical issue — the most important of all when it comes to the future: adaptability. It is the key to responding appropriately to megatrends such as digitization, individualization and globalization.


As Lean management consultants, we also want people to look at themselves critically to see whether and to what extent our work for you affects adaptability as a factor of your success.

Without wanting to spoil any of what awaits you in this brochure, the study results are unequivocal: companies that have extensively implemented Lean approaches and have already made good progress towards becoming a teachable organization also stand out because of their high adaptability.

This is why Professor Daniel T. Jones appeals to readers in the interview he gave for this study (page 10): "Trust your employees and listen to them!" And he's right: direct communications in good faith can inspire in people the desire for change, optimization and the opportunities that can result. And those who succeed at this task will also enjoy success in transition — both as a company and personally.

Sincerely, Wilhelm Goschy, COO, STAUFEN.AG





Over 60% of the companies  
who took part represented the  
fields of mechanical and plant  
engineering, the electrical industry  
and automotive manufacturing.

# About the study

## BACKGROUND AND

## FRAMEWORK OF THE STUDY

To create the German Change Readiness Index 2017, the corporate consultant Staufen surveyed a total of **658 companies** in Germany about the topic of success in change. The survey was conducted in the spring of 2017.

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# Experts talk about the Change Readiness Index 2017

**MANAGERS  
HAVE TO HAVE  
THEIR FEET ON THE  
GROUND**



**PROF. DANIEL T. JONES**

Founder of the Lean Enterprise Academy, Co-author of  
"The Machine That Changed the World"

For quite some time already, simply layering digital approaches on top of existing structures or products has not been effective. Professor Daniel T. Jones, founder of the Lean Enterprise Academy and author of the Lean classics "The Machine That Changed the World" and "Lean Thinking," pleads for companies to free themselves of rigid structures and attitudes so they can develop into teachable and adaptable organizations. His plea to managers: "Trust your employees and listen to them!"

Professor Jones, which characteristics does a future-ready company need to have for Workplace 4.0?

All in all, I see three significant obstacles to successful change management. Today's management structures detach strategy and planning from what work is really like. That's a lethal approach. Traditional management is immersed in strategic and planning activities, whereas the results themselves come from implementing and executing these plans. The outcome: the managers in power are at a remove from everyday work life at the



business, and when there are problems, they hire experts to solve them. If you turn this scenario around, the criteria needed for proper change readiness become obvious: an organization that is ready to change has a management team that actively listens to what its customers and employees have to say. Management has to be integrated into the processes of development and design just as much as it is in manufacturing and distribution. Successful leaders have to have their feet on the ground, quite literally — the ground of the shop floor.

#### **You mentioned other obstacles?**

On top of all of this, there's also the bureaucratization of companies. Every company creates its own bureaucratic system which slows and immobilizes transformation. As a result, functional silos develop, and they inherently resist change. And where this leads can be observed at any company's headquarters. There you will find very knowledgeable and intelligent people engaged in dueling PowerPoints to defend their budgets. We have to win these people over for transition, optimize their contribution to the big picture, and fight the spread of this corporate contagion.

#### **A company's change readiness emerges in different corporate areas. Where do you see significant points of leverage?**

One important point is this business of relying on experts. Instead of getting feedback from their employees — the ones who make the company's products and deal with manufacturing and selling them every day — many managers only have faith in external expertise.

And customers are also overlooked on a regular basis. This is a typical mentality for engineers: they think they know what's best for the customer. And by the way, this attitude is very traditionally German too. So what we have to do is work backward and integrate everyone along the value chain. This is the only way we can optimally get the next generation of products launched. The responsibility of listening to people is something that cannot be delegated away. If supervisors relinquish this responsibility, an organization starts to tread water, and everything remains as it was.

#### **What sort of influence do the leadership culture and personnel development have on a company's ability to manage transitions?**

The effects that leadership and personnel development have here is enormous indeed. All of the research indicates that the largest obstacle to change is our organizations themselves. The real issue is not technical development feasibility, and it's not customer acceptance either: it's about how we structure and manage our organizations. The core element is the attitude of management and its approach to solving problems. And that often does not sync well with the demands of the digital age.

If all employees are responsible for improving their work, then their abilities to do so have to be further developed — that much is clear. Traditionally speaking, training takes place in a classroom. But today's expertise has to be taught on the job, hands

on, by addressing specific problems. And this is why future-forward companies desperately need an infrastructure for coaching and mentoring. There is also a need for networks which link in-house experts and their experience.

#### **Lean management emphasizes routines and structured processes. To what extent does this encourage organizations to be agile? Or doesn't it discourage agility when there is strict adherence to routines?**

It is a widespread myth that standardization is the same thing as inflexibility. I see this as a massive misunderstanding. This idea applies to traditional approaches to management, since standardization is used here to exert control over employees: experts dictate standards, and managers make certain that the shop floor upholds them — no matter how. Many of today's companies still regard their organization as a machine, and that has a severe impact on change readiness. Taylor's tradition is still going strong in the executive suites of many businesses. And that is exactly the problem.

By contrast, Lean turns all of this around. If we transfer the responsibility for the front-line functions to the people who work there, they will need a way to fulfill this task as well as they can. That's what "standard" means in a Lean system. The point is to handle the work within the team as well as possible and jointly agree about what will be the best basis for improvement.

#### **Where is the benefit for a company if everyone's trying to implement change at the same time?**

Whenever people take ownership of optimizing their own work and determine the on-site standard themselves, they become able to solve problems — and not just today's problems, either. They become increasingly competent in handling tomorrow's issues too. This is an important aspect of change fitness. Agility needs to have a learning organization. As discussed, the issue of having widespread blind faith in experts is a hot topic in Germany. I'm not saying that experts are dispensable and we should get rid of them. What matters to me is seeing the limits of depending solely on experts.

When this happens, we throw away an opportunity to be creative and pursue constant improvement. And that costs 85% of the effort we put into work. An organization which wants to survive in this new era has to be able to see which problems are inhibiting them or what has to be resolved from a technical perspective. The Lean strategy develops learning organizations from the bottom up, creating companies which can properly solve critical problems faster than the competition.

# INCREASING ADAPTABILITY – A LOOK AT AN AGILE ORGANIZATION



## WEERT JACOBSEN-KRAMER

Senior Expert, STAUFEN.AG

Willingness to undergo transition means looking beyond your own four walls, exchanging information with others, and learning from others. Being willing to throw old principles overboard, willing to embrace a radically new mentality. The concept of an agile organization gives companies a number of ways to consider the topic. Organizational specialist Weert Jacobsen-Kramer, Senior Expert at Staufen, presents this concept. He highlights four areas to document the differences between his approach and traditional structures: World view, management mindset, management tools and organizational models.

**World view: moving away from command-and-control thinking**  
In traditional companies, executives assume that changes are something to be managed, that people are to be changed. This concept has its roots in a linear and mechanical world view defined by command-and-control thinking. In that world, change programs are implemented, optimization programs are launched, management trainings are rolled out, and cost-reduction initiatives are approved. Does all of this seem incredibly familiar? Then think outside the box and have a look at the other world.

The world view in agile companies does not categorize things in terms of machines: it is inspired by nature, not by linear thinking. It permits entirely new perspectives and innovative solutions to the daily challenges in leadership tasks. It sees a company as a natural, living complex system. Here, people take action on an autonomous basis and keep re-orienting themselves by being part of a constant feedback loop within a dynamic process. Constant changes are part of this world in which self-organized beings "drift" through their environment, structurally joined on a temporary basis. When seen in this light, changes cannot be "managed." The non-linear world view lets us create a leadership culture in which the organization permits rapid learning. And the speed with which we learn is the key competitive advantage in the digital world: people who learn quickly can find custom-tailored

solutions to changes on the market faster than their competitors. Managers in the agile world know that this process simply cannot be precisely planned and monitored. But they can support the framework that makes it possible to increase learning speed.

#### **Management mindset: The classic role of the boss is changing**

In an agile organization, the management role is completely re-defined. The key elements of management are taken over by self-organized teams, and in a company where practically everyone takes on leadership, the traditional image of a boss or supervisor shifts as well.

The cornerstone here is an entirely different management mindset. There has to be fundamental faith in employees. People are seen as self-motivated and autonomous; they don't have to be motivated or changed. Together, they develop positive targets for the future which are meaningful. In each person's work, they focus on their personal strengths, pursue professional development and learn how to make the most of their full potential.

The core mindset of an agile organization is marked by a certain insight: everyone has realized for themselves that they know something different than the others. The goal is to link these different perspectives and points of view so that together they can create something magnificent.

The process of learning is shaped by a culture of experimentation in which new products are launched as early prototypes. The risk of failure is seen as a given, and mistakes are seen as a chance to keep developing. Research into the neuroscience of learning shows us which prerequisites are important here, such as appreciation, goodwill, having meaningful work, the opportunity to contribute, challenges, direct feedback and constructively dealing with mistakes. Agile organizations focus on creating this kind of environment, which is the basis for generating really astonishing management tools.

#### **Management tools: throwing the tried-and-true over board**

Agile companies develop new and more effective management tools. These companies tend to use scrum or kanban for project management — methods which are well-established and well-known. But we can find interesting new tools in other areas of management as well. For example, in agile companies, employees are allowed to make all decisions themselves. Having a structured process for decisions determines how employees can use this complete freedom to make their own choices.

Another example is the goal-setting process. Here, targets are not set jointly: the employee sets them independently. The key question here is, "What do you think your contribution to our company is for the next six months? What have you got planned?"

#### **Organizational models: Dividing power**

Agile organizations do without management hierarchies, since everyone there can take on management responsibility. Traditional organizational forms become superfluous. In its structure, the agile company corresponds to that of a network with jointly divided power. The org chart, which serves as a "family tree" in traditional companies, is no longer relevant. Companies define themselves by the roles and functions they fulfill, not by the power exerted in management positions.

The cornerstone of this kind of collaborative effort comes from a form of corporate governance which rules the way individual functions interact. In the course of such corporate governance, every employee can freely make decisions. There are no supervisors who have to be asked permission.

#### **Lean management and agility: how do the two fit together?**

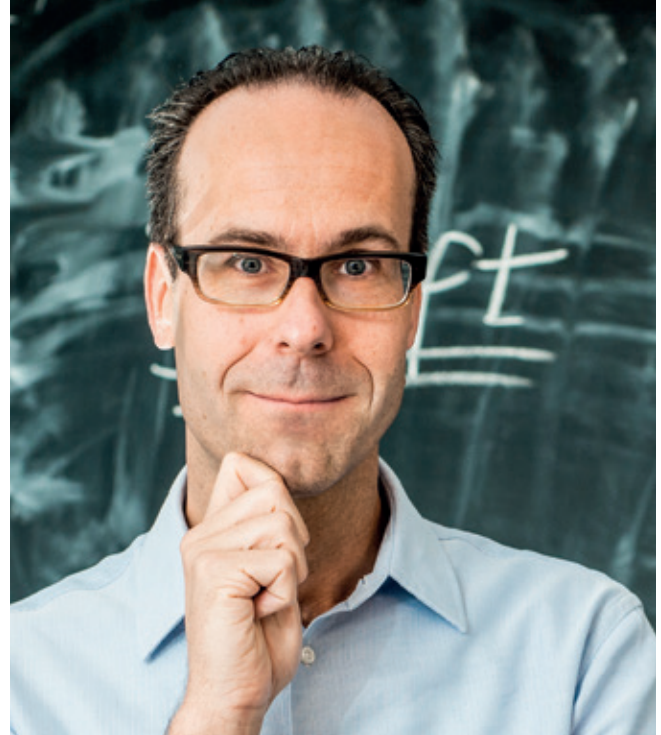
In an agile organization, transitions are a constant, natural and automatic process. All of the employees detect new trends and jointly find creative and unique responses. Every organizational unit has the freedom to conduct new learning experiments and share their findings with the entire organization.

But what is the role of Lean management here? In every company – agile or not – there is a value stream where value is created, and that is what the customer pays for. To this end, Lean management is an excellent method and a solid hypothesis. This is especially true for companies which strongly link processes on a cross-divisional basis. Here in particular, Lean management is the prerequisite for achieving agility. After all, an agile company that does not have a solid command of added-value processes does not have any reason to exist.

At the same time, it is quite possible to envision parallel worlds within one and the same company. For example, there can be a lean-management world in production and an agile world in product development. To make this happen, there has to be a viable management culture at the company. Developing a culture of leadership is thus both a key step along the path to a complete Lean transformation as well as to an agile company structure.



# SUCCESS VIA PLATFORMS



## PROF. DR. FRANK PILLER

Technology and innovation management, RWTH Aachen

There are many megatrends preoccupying German companies. The majority of them see technological progress as the greatest threat. And yet there are not strategies for effectively facing these challenges.

Prof. Frank Piller explains why it is time for a profound transition with genuine innovations. He teaches at RWTH Aachen University and is one of the leading German experts in innovation management.

Markets and technologies are changing at an increasingly break-neck pace. There is hardly a company that can afford to ignore the innovation process if it wants to survive. Solidly established businesses often have a difficult time launching really radical innovations. Regardless of their size or the cultural circle they belong to, they tend to pursue a different path and focus instead on exploitation — on making sure that existing products and services are leveraged more effectively. They tend to emphasize processes and continuing improvement. The fact that both strategies lead to such different outcomes can be clearly illustrated using the example of two major companies in the photo industry. Despite a few late efforts, Kodak never really managed to break into the digital world, and ultimately the corporation had to close its doors. By contrast, Fuji survived because it made the decision to take a radical step. Instead of focusing on a dying market, the Japanese film manufacturers looked for a new area of activity that was already accessible to them given their own technological competences. Fuji found the solution to its problem by becoming a specialist for coating technologies in cosmetics production – a successful proactive strategy. Today, the business model of the former film manufacturer is based on technology platforms which are used in new and very different contexts.

### **Digital products allow for faster innovations than capital goods**

Examples clearly illustrate that those who want to be successful in the future often have no choice but to pursue transition. But how do change processes take place in solidly established businesses? As a general rule, transitions are a reactive response. People work on their current business and wait to see how things develop.

This is the sort of strategy that Microsoft followed in terms of the Internet, cloud computing and gaming. At first the company did not take any action at all. Then, however, once the trend took root, half of the entire development team was re-allocated to these tasks within a few weeks. This is a convenient way to proceed – wait for more information and, by extension, more security before taking up a new strategy at full speed.

Microsoft can only serve as a role model for German manufacturers to a very limited extent, however. The US corporation has massive resources and operates in a field where innovation can be put into practice much faster than in manufacturing. By contrast, it is much more difficult for an automotive manufacturer to switch overnight from producing combustion motors to a car-sharing model. Furthermore, in the software industry there are much more agile structures: scrum processes are an integral part of their work, and different tools benefit the way they and their teams are organized.

### **Using reactive strategies plays into the hands of the disruptors**

Being successful with purely reactive strategies will be difficult for Germany's manufacturing companies in the future, because the digital transformation is going to create major disruptions in innovation management. The more the added value of products is determined by their digital component, the more the element of disruption will dominate. That said, disruption should be seen as a radical renewal in conjunction with a new business model. An electric car, for example, is not a disruptive business model for an automotive manufacturer, but a car-sharing concept is.

### **The future belongs to platforms — and that includes the industry**

One significant innovation pattern in digital transformations is platform-based business models such as iTunes, eBay and Airbnb. In these situations, a platform operator allows complementary service providers to do business very simply. An innovative app

developer can use the platform to handle sales, client relations, distribution and marketing. Apple paved the way here. It was not until the development environment for apps opened up that the Californians were able to conquer the smartphone market. Initially, the products' technological hardware had little to offer in the way of new options.

The software components were what gained traction on a cross-industry basis. Correspondingly, the models of open technology platforms became more and more relevant for other fields, such as mechanical engineering and car manufacturing. Established businesses can benefit in different ways: for example, by supplementing their products with platforms or by integrating the platforms of third parties. With open innovation and connectivity with other technology providers, companies gain the innovative ability which might otherwise have been lacking within their own four walls.

The greatest challenge is thus business models: systematically developing them needs to become a much more focal topic in innovation processes. After all, in the age of digital innovation, the major issue more than ever is to shape the market innovatively and proactively. The alternative is to attempt to survive on a reactive and incremental basis.





## A RELAXED APPROACH TO INDUSTRY 4.0



### DR. ANDREAS BIHLMAIER

CEO, robodev GmbH

In 2015, engineer and computer scientist Dr. Andreas Bihlmaier went to Google in Silicon Valley for a robotics project. But despite an attractive job offer, he returned to Germany to start his own business: robodev GmbH. It produces flexible modules that companies can use to expand their plants and automate subprocesses. Now in his early thirties, Bihlmaier learned a lot of lessons from the Silicon Valley mentality. He advises German companies to focus on their own strengths.

**You know German mid-sized enterprises and Silicon Valley. What do companies there do differently, and what can German manufacturers learn from them?**

The most important difference is that people in Silicon Valley get down to business faster. If a German company wants to try something new, they first hold meetings to discuss all of the pros and cons at length. And at the end of all of that, the decision is usually postponed. In Silicon Valley, people just try out the new approach. After a certain amount of time, the colleagues sit down together, look at their practical experiences, and decide what the next steps will be.

**What lessons did you take back to Germany with you?**

In Silicon Valley, companies have a fundamental sense of trust in their employees. Within certain limits, employees can make their own decisions about budgets and don't need to go get their supervisors' approval every time. At Google, they say to themselves that administrative expenses should not end up costing more than a potential employee mistake might.

In other words, employees are allowed to make independent decisions to a much greater degree than in Germany. But they also have to assume responsibility for these decisions.

**In Silicon Valley they intensely focus on digital business models and are very successful with this approach. Do companies in Germany have to become digital as well to survive in the future?**

German businesses should not make the mistake of trying to directly take over everything that makes its way here from Silicon Valley. We are not going to be able to beat companies like Google or Facebook at their own game. And we shouldn't even try.

Our strengths lie elsewhere. Silicon Valley companies have a solid command of IT and B2C business. By contrast, German companies' core competences tend to be in the field of physical products, especially in mechanical engineering, and in the B2B sector. And German companies should never lose sight of this. They cannot afford to make the mistake of focusing exclusively on digitization and then leaving hardware development to the Chinese.

**From the perspective of someone who knows both worlds, what can you recommend to German companies?**

They should leverage their strengths and expand to include new elements. Other countries also have companies that build good motors. But the German industry can hold its own against inexpensive competition from overseas if they offer solutions with a genuine added value. One example could be a service that lets customers test their car's engine remotely. However, they cannot lose sight of the fact that their main priority is constructing engines, not the added digital service. Companies should apply digitization to their core business, not try to set up an entirely new business. If they are not at the pole position and try to launch into an unfamiliar field, they will not make it.

**As a start-up that focuses equally on hardware and software, which mistakes do you have to avoid in this transformation?**

Many companies create an IT department and encapsulate it from their core business. But interdisciplinary collaboration is one of the major strengths of German companies. In Silicon Valley you are certainly not going to find a business where mechanical en-

gineers, electrical engineers and production planners join forces the way they do here. Companies have to succeed in integrating their IT experts into these interdisciplinary teams. And for this to happen, the experts have to be together on site.

It might sound unbelievable, but Google is a real role model here. It earns its money with digital services and theoretically could link in all of its employees from their home offices. But there are still over 20,000 people working at their headquarters in Mountain View. Nothing can replace this direct interaction.

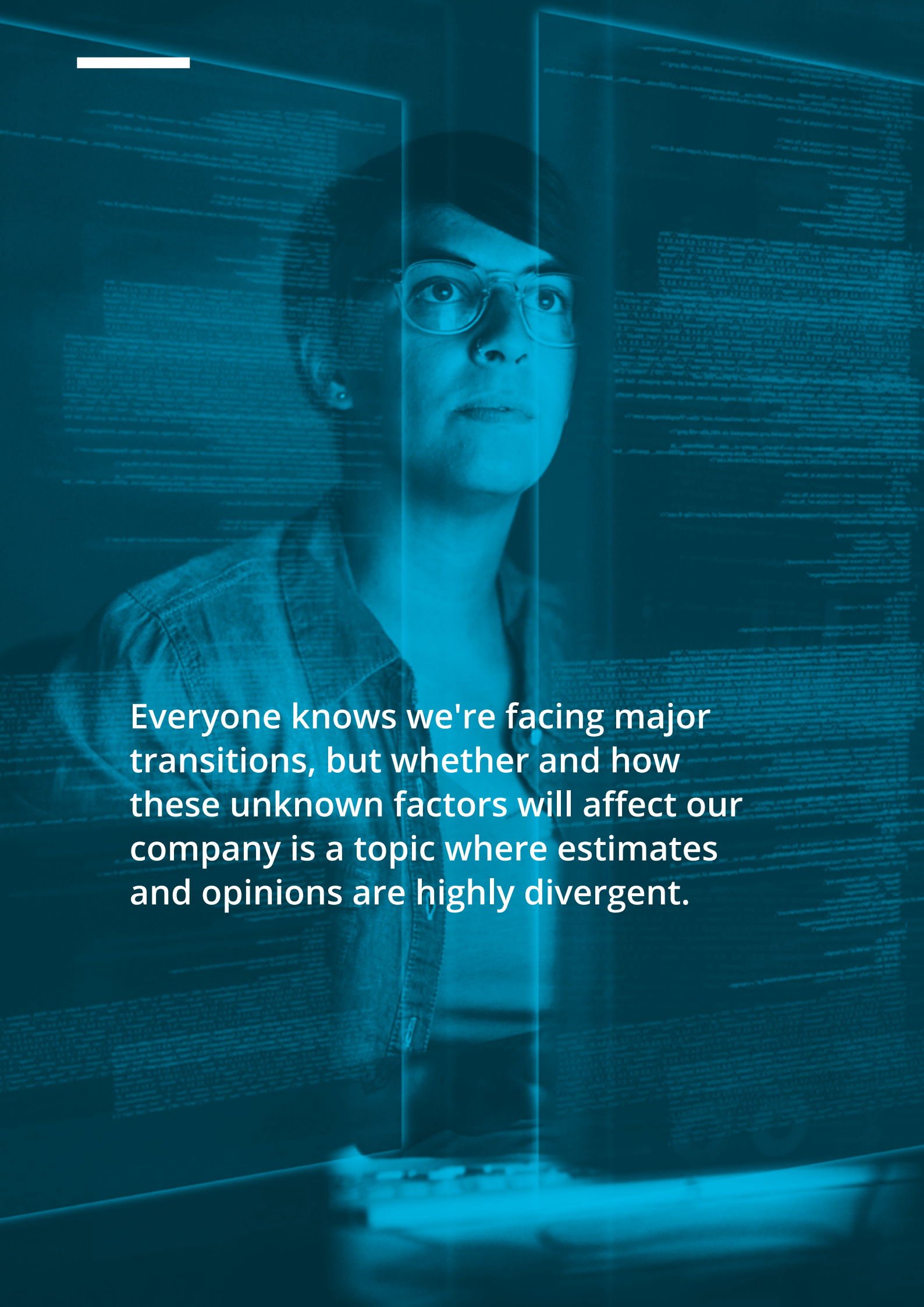
**Many mid-sized companies have massive problems finding skilled workers who can support them in digitization, especially in rural areas. Where are all of these IT experts supposed to come from?**

My recommendation for businesses: they should work with start-ups, especially in the field of automation. Both sides benefit that way. In Germany, there are a lot of support programs, but there are not nearly enough resources, especially in the engineering sector.

To develop hardware components, start-ups need equipment and a factory hall. This is where manufacturers can get involved, since most of them are not producing at full capacity. In return, start-ups can support them in areas such as product development or by making them stakeholders. A collaborative endeavor could take many different forms. The partners just have to find some sort of organizational framework which takes the needs of both parties into account.





A person with glasses is looking at a computer screen. The screen displays lines of code, likely JSON or a similar data format. The entire image is overlaid with a blue tint. A vertical white line runs down the center of the image, passing through the person's face. The text is overlaid on the lower half of the image.

Everyone knows we're facing major transitions, but whether and how these unknown factors will affect our company is a topic where estimates and opinions are highly divergent.



# Megatrends and transition

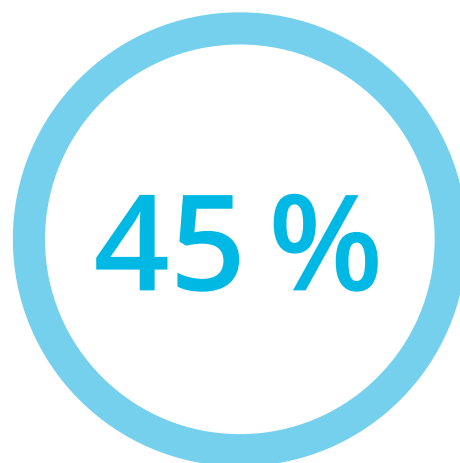
**THE VIEW  
OF THE FUTURE**

**IS NOT IN CLEAR  
FOCUS**

What will the future bring? Which factors will influence how we do business and take action tomorrow? How well-prepared do companies — including their management tiers and employees — feel about potential changes?

If you want to know how able a business is to cope with transitions, you first have to determine how relevant it sees the need for change. An initial look at the mood in the companies we surveyed shows that people often have very unclear ideas about future developments and the challenges that they will pose.





feel insecure about  
megatrends

## AN ENTIRE MOUNTAIN RANGE OF CHALLENGES

Every era has certain issues to face. Nowadays, corporate players are confronted by numerous megatrends which have a major impact on the actions and development of their organization. It is no longer enough to concentrate completely on a single topic. Those who want to be successful in the future have to focus their sights on several things at once.

90% of those surveyed perceive the digital transformation as an important challenge. The vast majority (76%) also anticipates that they will be put to the test by the increasing customization of goods and services. But even familiar issues such as globalization and demographic shifts are keeping companies on their toes. At the same time, the move towards becoming a knowledge-based society is something preoccupying them, and so are geopolitical developments, which sometimes come as a surprise.

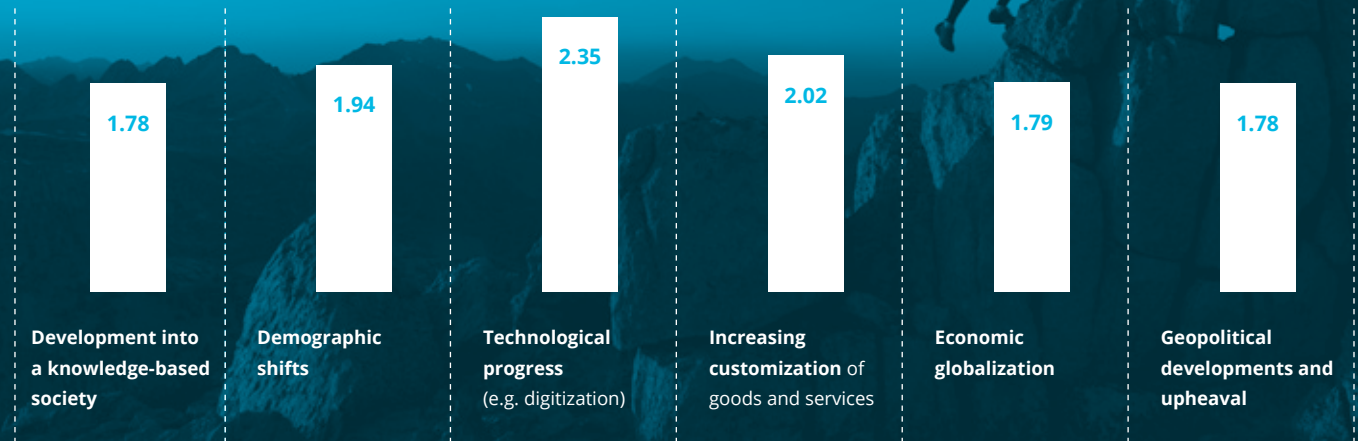
The concerns about what lies ahead are correspondingly large: nearly half of the 658 companies Staufien spoke with, 45%, feel apprehensive due to the extensive and wide-reaching changes occurring around them.

The greatest challenges companies face are as follows.

Mean values on a scale of

0 = no challenge to

3 = major challenge



## THE BIGGER THE COMPANY, THE GREATER THE UNCERTAINTY.

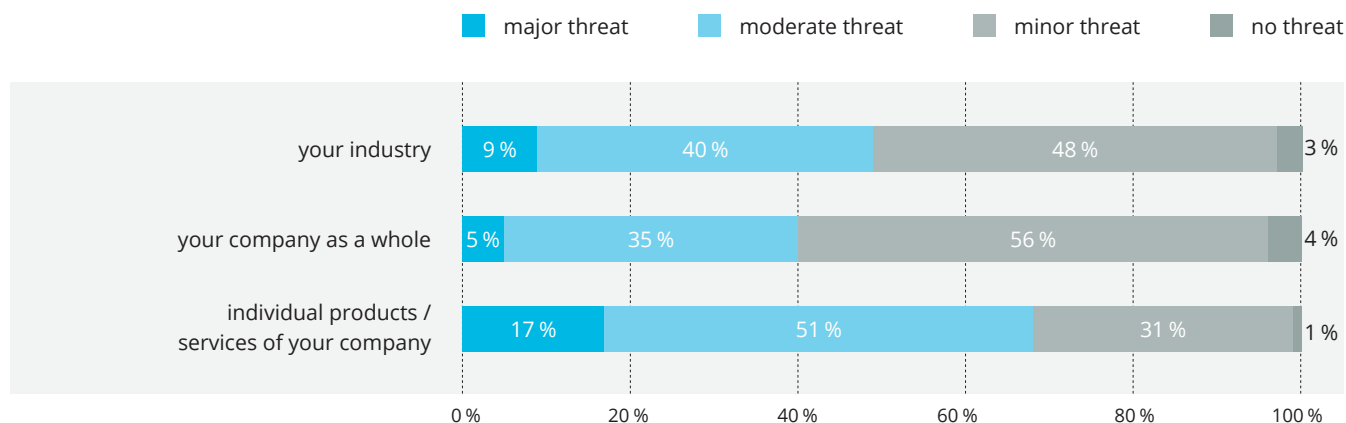
The extent to which people feel insecurity about the future varies in correlation to the size of their company. Companies with sales of over one billion euros per year feel the impact of megatrends much more clearly than companies with annual sales of less than 50 million euros. The agility of smaller companies appears to influence people's perspectives.

An analysis done on an industry-by-industry basis indicates that no one is impervious to these developments. As the leading industry in Germany, the automotive sector experiences the impact more than any other. Both the perceived transitions and the anticipated ones are somewhat greater here than in other fields. With their proximity to their clients and the major competitive pressure they are exposed to around the globe, automotive manufacturers are paying special attention to these developments and have a clear vision of the tasks awaiting them. Nearly half of those surveyed in the field stated that they felt very or extremely uncertain about facing these challenges.

## OPINIONS ARE DIVIDED ABOUT DISRUPTION

Two-thirds of those queried expect that there will be disruption in individual products or services their companies provide. Four in ten even said that they are questioning their entire business model. They cannot rule out the possibility that their companies might be forced out of the market due to disruptive innovators. Hearing these statistics makes your ears perk up. They reflect how seriously businesses are taking these developments. The self-confidence of many tradition-rich German companies is yielding to a sense of uncertainty. And respondents even tend to rate the future viability of their own industry as a whole with a bit more skepticism than that of their own company.

To what extent do you anticipate a disruptive threat to ...?



HALF OF ALL RESPONDENTS SEE A THREAT TO THEIR INDUSTRY

## PESSIMISM OR PRAGMATISM?

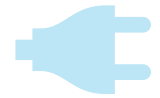
Automotive manufacturers see their own situation in a particularly critical light. Specific competitive conditions as well as ongoing developments have heightened people's awareness of the situation. Nearly half of all companies see disruption as a threat. Two-thirds fear dramatic effects on their industry, and 75% are pessimistic about individual products and services in their portfolio.



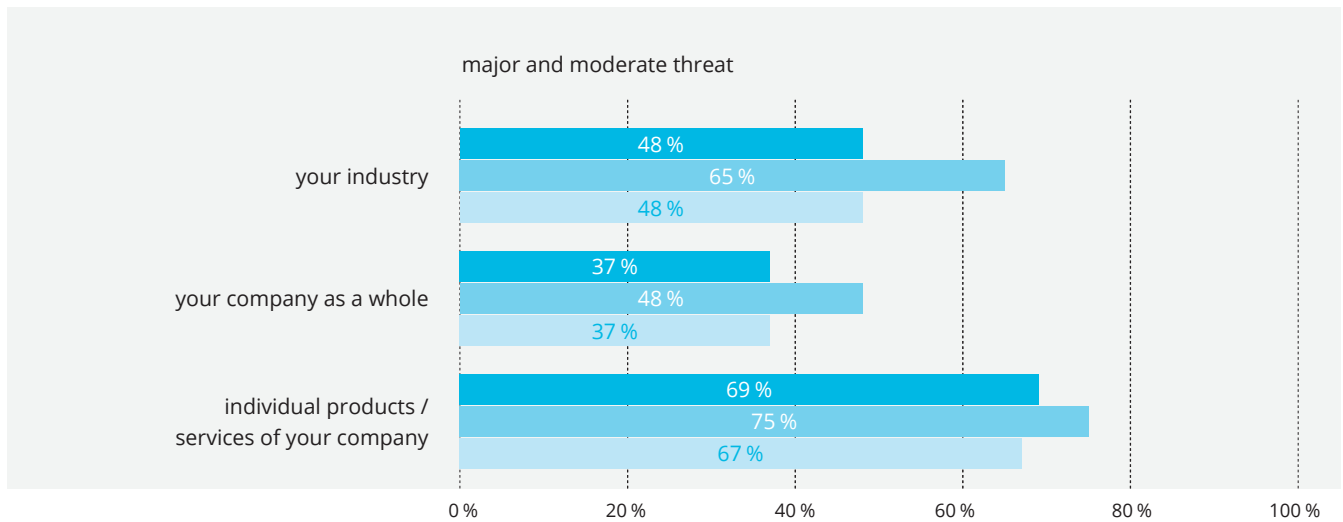
Mechanical and plant engineering



Automotive industry



Electrical industry

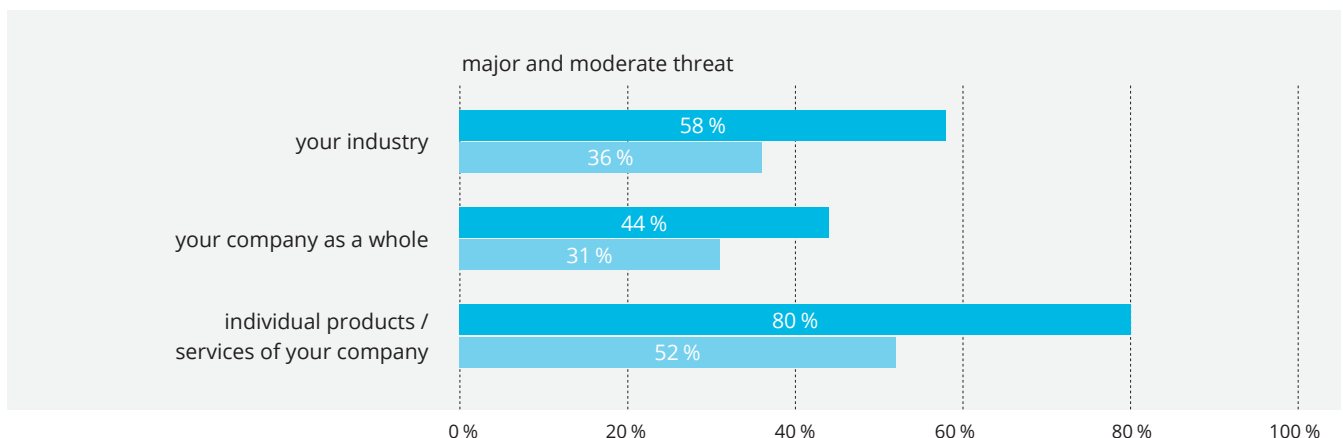


#### THE GREATEST UPHEAVAL IS ANTICIPATED IN THE AUTOMOTIVE INDUSTRY

Other manufacturing sectors such as mechanical and plant engineering or the electrical industry have indicated a greater sense of confidence. Concerns about disruption in these industries focus more on individual products and services than on the industry as a whole.

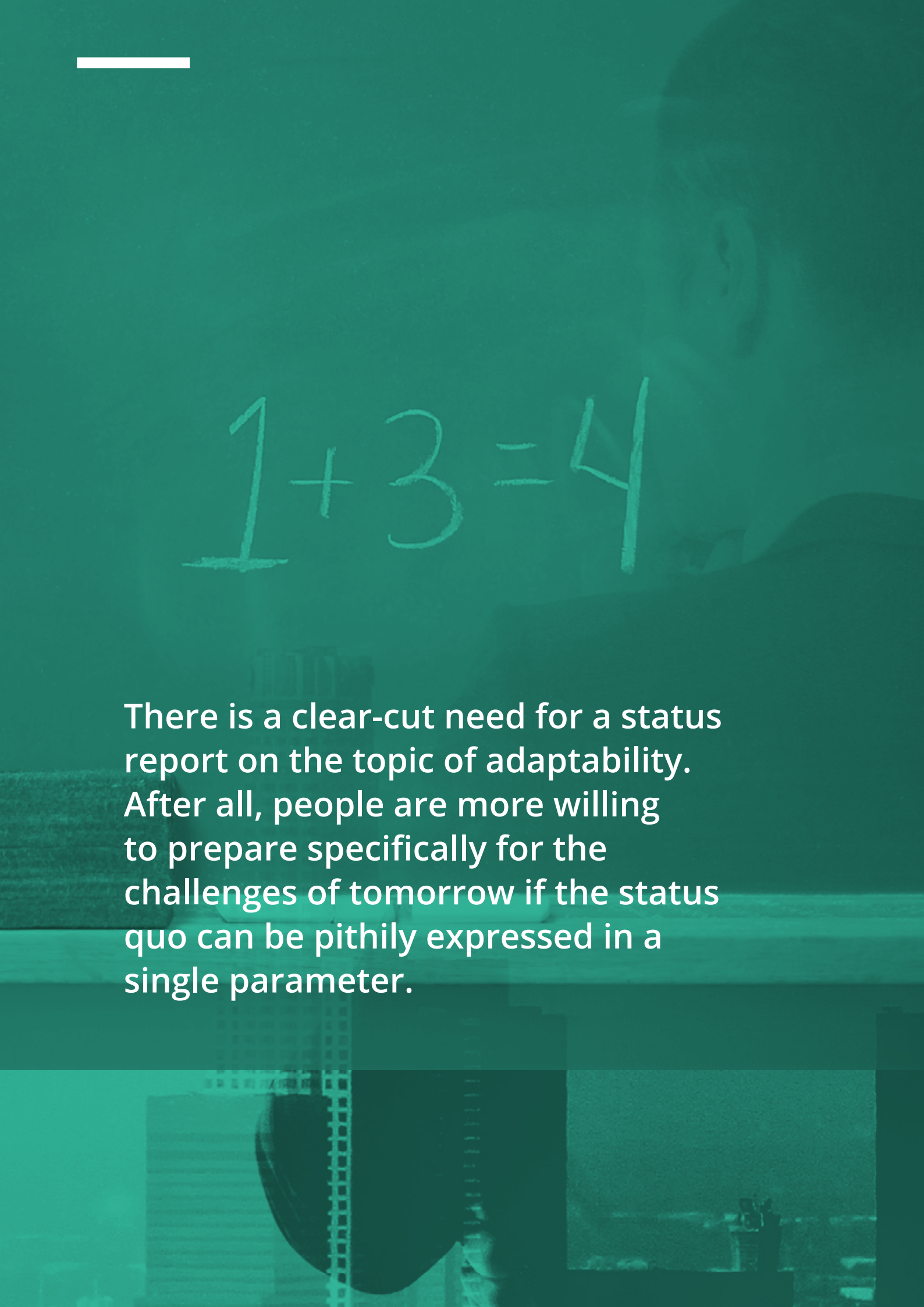
An analysis based on company size confirms the aforementioned findings once again: the larger the company, the greater the risk is perceived to be. Economic heavyweights with annual sales of over one billion euros are the ones least convinced of the viability of their products and services. Eight of ten managers in these fields assume that the risk of a disruption is great. Smaller companies look to the future with a much more optimistic perspective.

■ over €1 billion in sales    ■ up to €49 million in sales



#### LARGER COMPANIES PERCEIVE A GREATER THREAT THAN SMALLER ONES



A person is seen from the side, writing the equation  $1+3=4$  on a chalkboard. The background is a teal-colored overlay with a faint image of a person's face and a cityscape at the bottom.

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$$1+3=4$$

There is a clear-cut need for a status report on the topic of adaptability. After all, people are more willing to prepare specifically for the challenges of tomorrow if the status quo can be pithily expressed in a single parameter.



# The Change Readiness Index

**TRANSITION  
AS EXPRESSED**

**IN ONE DATA POINT**

Which factors determine success or failure, the good and bad of turbulent times? How can companies arm themselves for a future in which they have to face the unknown? In other words, what do companies have to pay attention to if they want to make themselves and their employees ready for transition?

Staufen's Change Readiness Index (CRI) translates complex contexts and multi-faceted information into a comprehensible value. The Index uses four categories — structures, processes, leadership and corporate culture, and employees / qualifications — to measure the extent to which German manufacturers are truly able to keep up with the tempo of the dynamic world around us.



# CHANGE FROM THE INSIDE OUT

More and more, companies want to make specific plans that will prepare them for an uncertain future. A large number of those surveyed are compelled by the conviction that they will not be able to avoid transition. A growing number of businesses is not only turning to external expertise to master transitions; they are also enabling people within their own ranks to cope with these changes. Wherever changes are professionally managed, it becomes clear that transition is not a thing that can be delegated

away. Change happens from the inside out and always affects the heart and soul of a company as well. This is where the preparation for coping with turbulent times takes place.

In companies, the success factors for transitions come in many shapes and sizes. Structurally speaking, they may manifest in things such as joint visions, cooperative collaboration, client orientation or agile organizational forms.





## THE ART OF CHANGE

The adaptability of a company is influenced by different issues. Ultimately, the art of change is a colorful mosaic which allows a clear picture to result from the perfect interplay of countless little tiles. In addition to processes and structures, people are really what determine how much a company is ready to adapt. Employees have to have the right attitude and proper qualifications to handle work in the future. The art here is to qualify employees to perform tasks we do not yet know anything about.

Corporate and leadership culture is a topic that both theorists as well as consultants and researchers regard as potentially the most important category here. Managers can face tomorrow's challenges with confidence if they know certain things: if they know that employees feel a bond to each other in everyday work, if a common vision of the future prevails throughout the company, if their jointly coordinated communication policies are an integral part of daily life, and if they know "their people" with all of their strengths and weaknesses.



## 5.1

# Structures

## for transformation

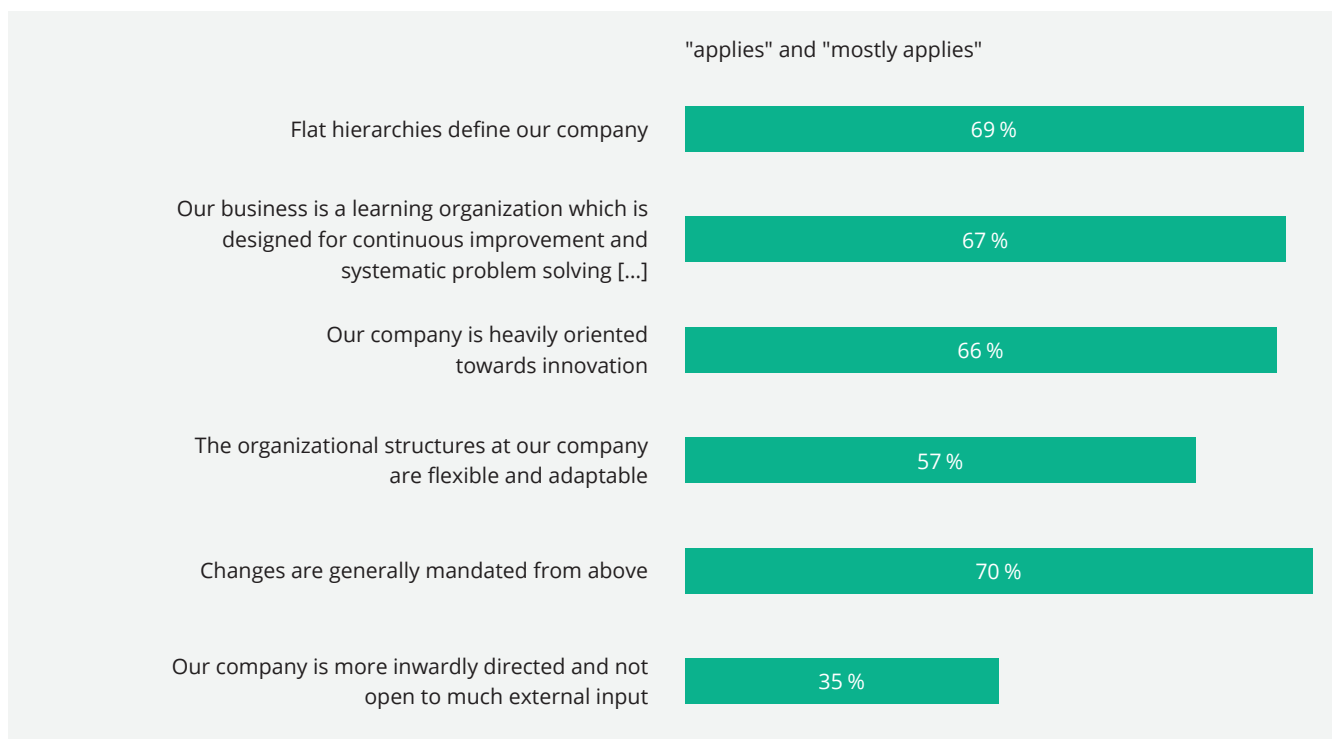
Describing a company's in-house organizational structures and having the necessary critical self-awareness are a first step that a business must take towards training its sights on achieving the prerequisites for high adaptability. Many companies have a good baseline position: 69% of those surveyed feature flat hierarchies, and two-thirds regard themselves as learning organizations which pursue continuous optimization and systematic approaches to problem solving. Methods such as kata, CIP or A3 are well-established and are taken seriously.

A comparable number of companies are strongly focused on innovation. 57% stated that their in-house structures were flexible and adaptable.

"I cannot foresee serious opportunities for classic MSEs to manage the challenges of I 4.0 by themselves. As a result, I think joining forces with larger leading companies and associations is essential here."

Viktor Steiner, Head of Technology, Fritz Kuebler GmbH

## What defines your corporate structures?



### CHANGES ARE STILL GENERALLY MANDATED FROM ABOVE

What might look at first glance like acceptable findings can be misleading: around a third of those surveyed felt trapped in hierarchical structures, a rigid corporate philosophy and a weak ability to renew from within. 43% state that their own structures lack flexibility and adaptability.

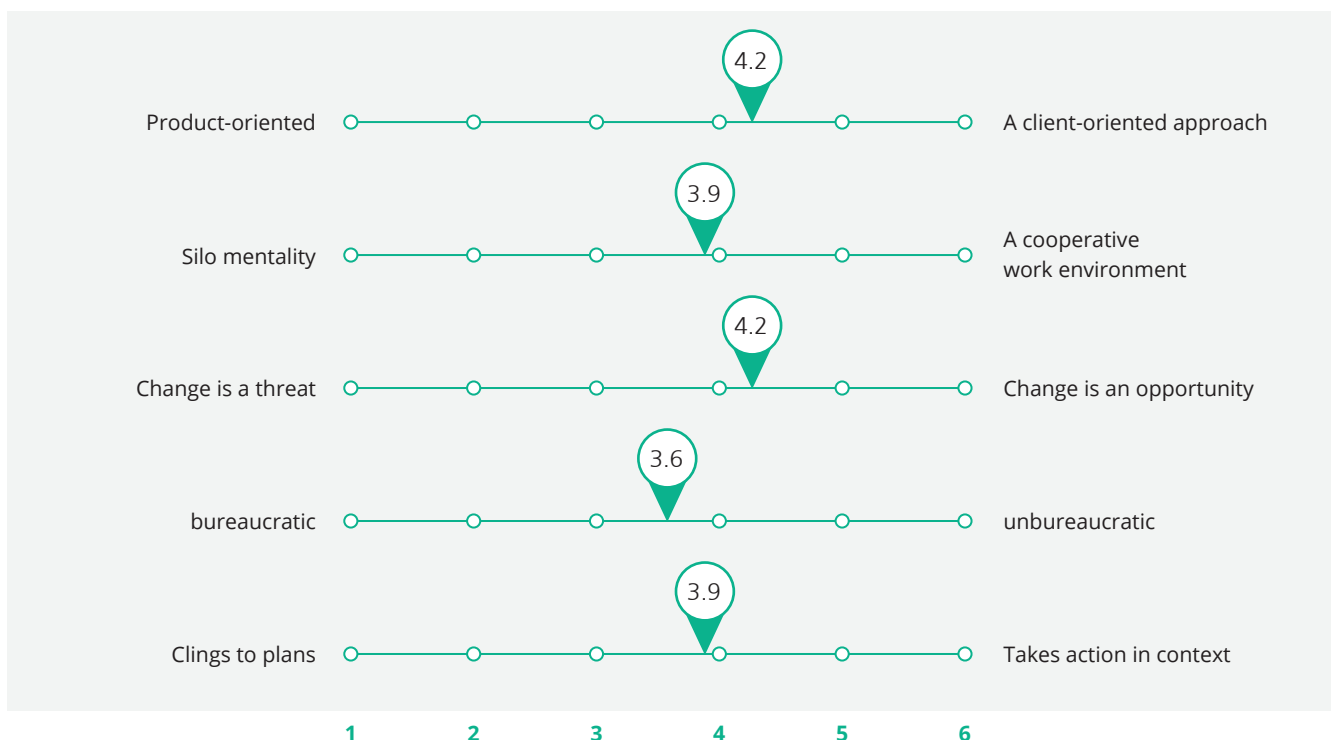
Despite well-established flat hierarchies, 70% of the companies indicated that changes were mandated from above. Leadership thus is and remains a central factor in the success of a transition. Around a third of the companies in the survey described themselves as being rather "introverted" in nature and not very open to external input. This is not a good baseline situation for finding reliable orientation in this turbulent time of short-lived developments.

#### A FACTOR WITH DEVELOPMENT POTENTIAL

All in all, the manufacturers that took part in the study consider themselves to be in good shape when it comes to the topic of change. Nevertheless, their self-image as documented in the study indicates that there is still plenty of room to grow in terms of a number of structural factors.

Managers view their company's orientation towards clients as quite strong, and a comparable number also see change as an opportunity. Those surveyed showed a minor trend towards flexibility — ranging between silo mentality and a cooperative work environment, between decisions made in context and consistent adherence to plans — but there is still clearly room for improvement. A tendency to remain frozen in place is more or less encouraged by the bureaucratic structures which many cited at their companies.

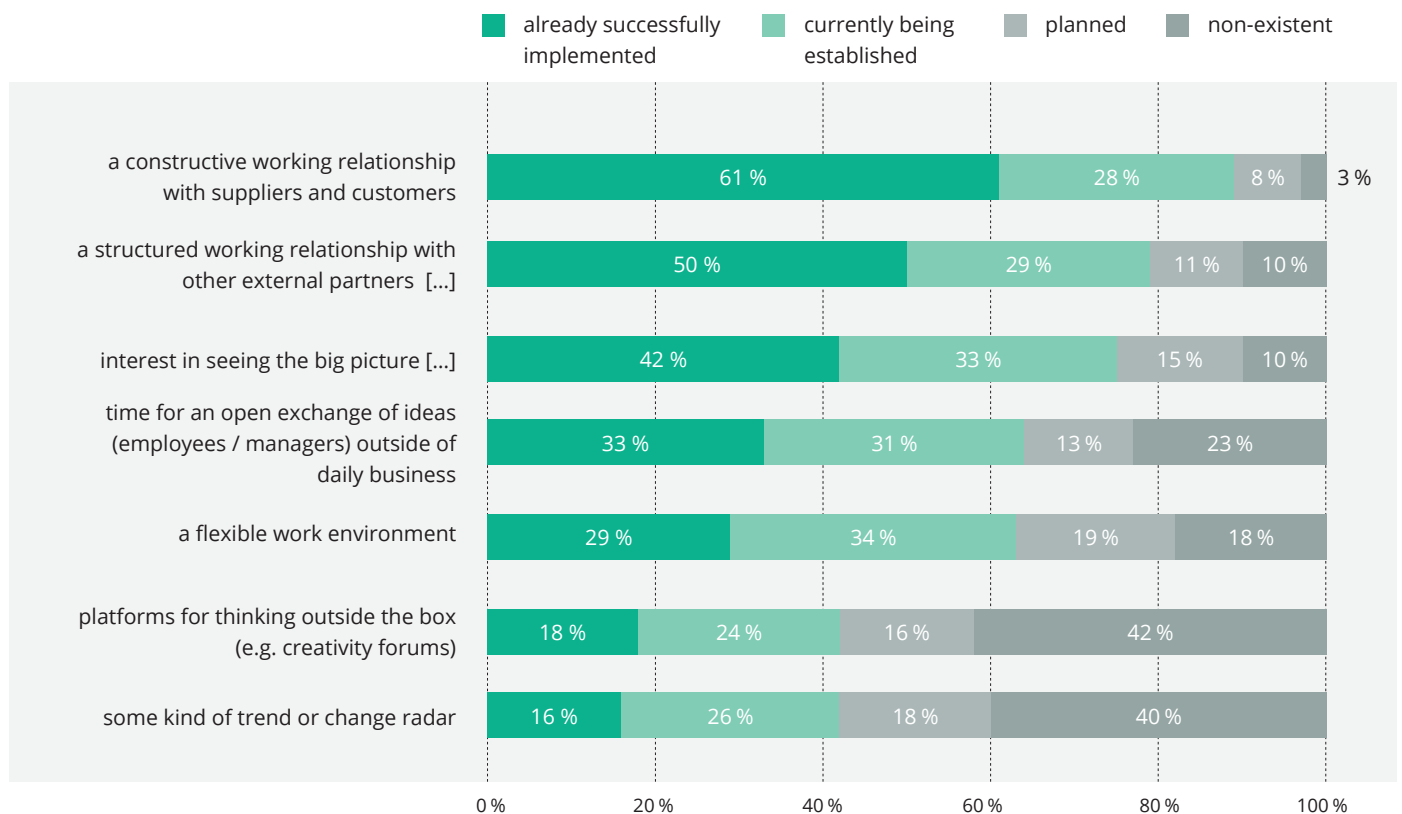
Please try to describe your company using the following word pairs:



## THE OUTSIDE WORLD AS A SOURCE OF INSPIRATION

A company's structural change readiness can also be seen in its contacts to the world beyond the walls of its production plant. A big-picture view helps pave the way for the willingness to change, as does deliberately designing the necessary in-house framework. Six in ten companies have already established constructive relations with suppliers and clients, whereas another 28% are in the process of doing so. The manufacturers in the survey showed an extreme degree of maturity here. Half of the companies have systematically generated links to external partners such as scientific institutes, competitors or industrial associations. And 42% turn to external sources of inspiration such as learning expeditions, BestPractice excursions or network events.

To what extent does your company have ...





## NOT ENOUGH SPACE FOR THINKING OUTSIDE THE BOX

Inspiration that comes from outside sources may certainly put to use, but in-house space for creative thinking is still sorely lacking. Daily business keeps employees and managers on their toes: only a third of the companies surveyed give their employees additional time to engage in an open discussion outside of their everyday tasks. Another third is currently creating these kinds of structures. The process of establishing flexible work environments is developing in a similarly protracted fashion: Whereas almost a third has implemented specific projects to make this happen, around half are still in the planning process or initial phases.

Specific platforms where employees are encouraged to engage in creative thinking have only been established in under a fifth of these companies, and 42% classify these seeds of change as non-existent. The situation is similar in terms of structured trend analysis and change-tracking systems: only 40% have the corresponding programs or are creating them. Just as many companies are wandering around in the dark without barely any orientation at all when it comes to their future plans.

## ORIENTATION CREATES CONFIDENCE

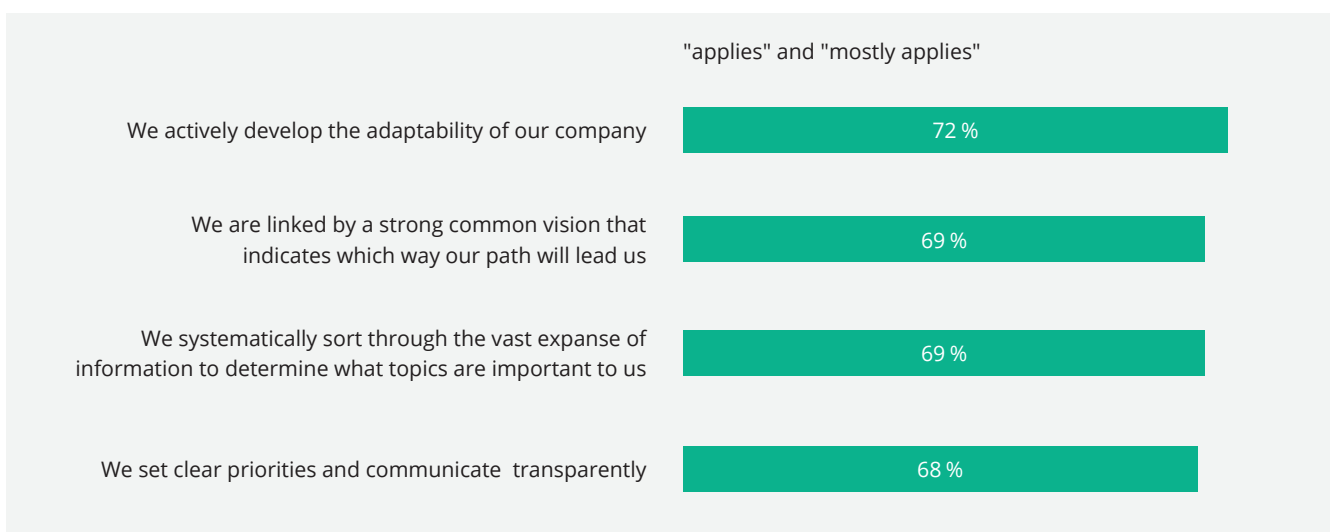
The question about structures that are compatible with transition clearly shows that overall, most of the companies polled feel relatively well prepared for the challenges ahead.


Nearly three-quarters of these companies say they are actively developing their adaptability. 69% rely upon a strong common vision in terms of the future and the purpose of their organization.

However, nearly a third have either no such point of common orientation or only a weak one.

Beyond that, two in three companies state that they systematically track relevant information to separate the wheat from the chaff. Two-thirds of companies are thus convinced that they set clear priorities and communicate transparently.

To what extent are you prepared for future challenges in terms of your corporate structure?



A composite image featuring a hand holding a pen over a notebook in the upper half, and two men in a checkered shirt and a grey t-shirt looking at a laptop in the lower half. A city skyline is visible in the background.

"Thinking and acting as part of  
value-chain networks  
— even on a cross-company basis —  
will be the major challenge for the  
sustainability of the German economy."

Dr. Walter Koch, Head of R&D processes, Schaeffler AG



## 5.2

# Processes

### THE VALUE OF STRUCTURED FLEXIBILITY

Process-oriented thinking is a phenomenon that has long since made its way into Germany's industrial fields. Many companies at all points along the value chain intensively document and define their processes.

But to survive transitions, companies need to do more than meticulously adhere to their procedures. The agility that is needed to act successfully in an uncertain future results from numerous process parameters. Adaptable companies are flexible yet structured: they are lean and have no unnecessary interfaces. Above all, however, they remain in flux: they undergo a regular review of their processes and constantly adapt them to new circumstances.

"A company's in-house processes and organizational forms have to remain flexible and be able to follow market developments at top speed. This is the only way to stay close to customers effectively."

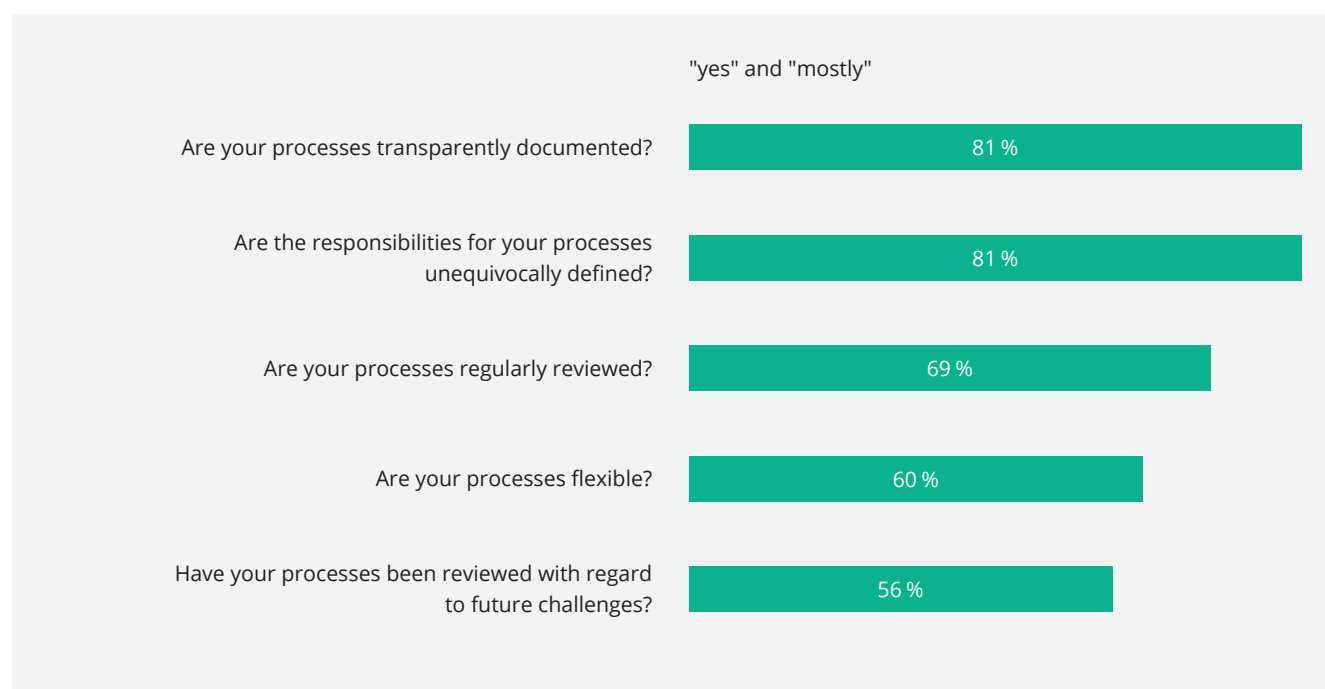
Marcel Fackert, Director of Process and Organizational Excellence, Linde Material Handling GmbH

### STRONG STATUS QUO BUT WEAKER PERSPECTIVES

Four-fifths of the companies in the study indicated that their processes were transparently documented and the corresponding responsibilities were clearly defined. 69% systematically adjusted their approach to current developments and regularly reviewed their processes.

Nevertheless, many were not completely convinced that their processes would be viable in the future: only 60% thought them to be flexible. Even fewer companies have taken a critical look at how well their established procedures are able to manage future challenges.

Please describe the status quo of the processes in your company based on the following questions.

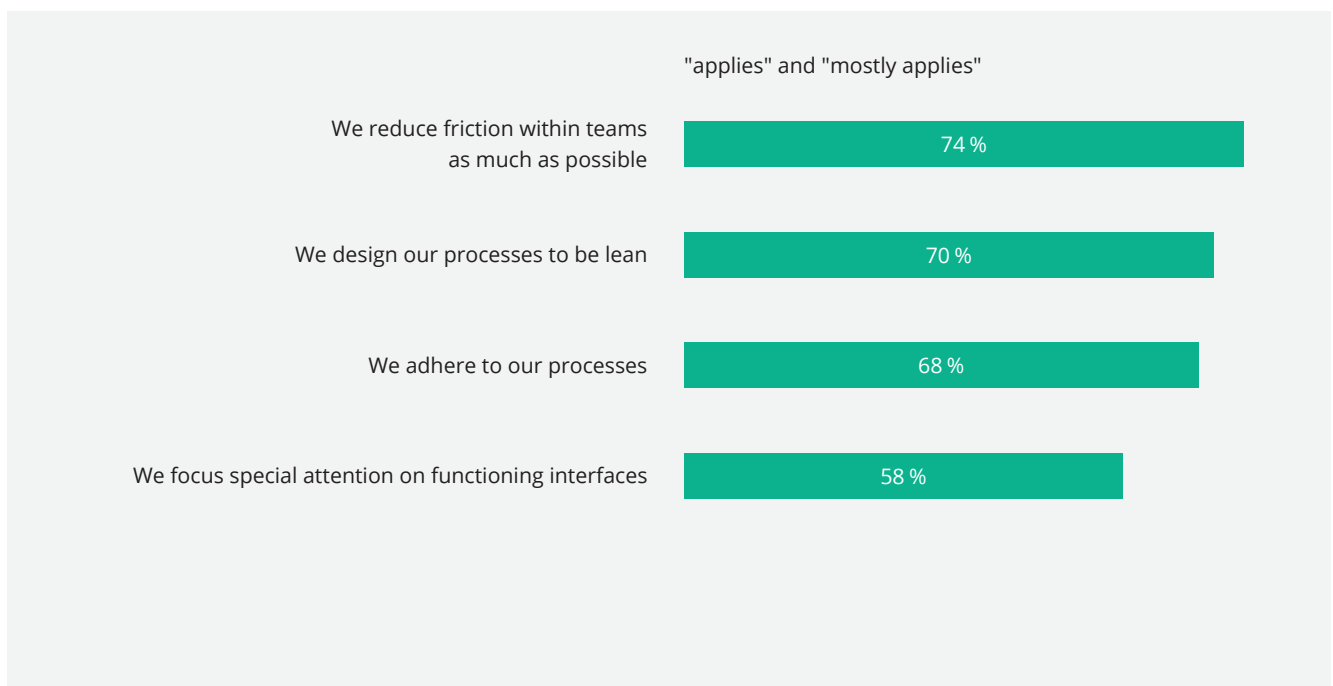


#### LEAN PROCESSES, SENSITIVE INTERFACES

The collaborative approach works within teams: three in four companies minimize the damage done by friction as much as possible. Furthermore, 70% stated that their processes are designed to be lean, and a nearly comparable number focuses on ensuring that the approved procedures were consistently maintained. So does that mean everything is all right? No, because wherever things become more complex — at the interfaces between departments and to the outside world — the situation gets trickier. Many companies appear to be overwhelmed when it comes to successfully implementing these processes, since 42% of them forgo paying any special attention to how their interfaces function. In doing so, they are willing to accept losses due to friction, and they end up promoting a silo mentality in their office.



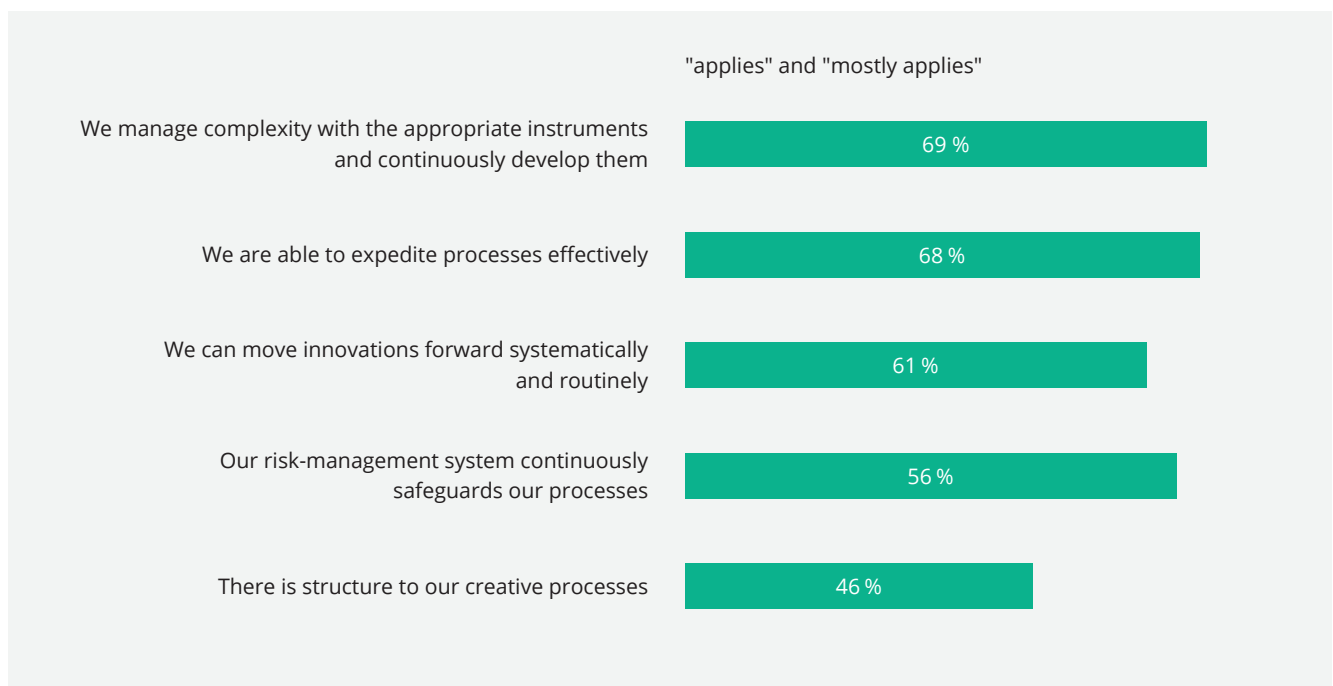
What mentality forms the foundation of the processes at your company?



"The greatest challenge is to keep calm and design processes to start out as simple and lean as possible before they are digitized. If you're dealing with an intersection where traffic is heavy, you don't need to begin by building a complex system: a roundabout is usually enough."

Dr. Christian Hinsel, Vice President, Hirschvogel Automotive Group

## To what extent do you focus on striking a balance between dynamism and routine?



### WEAKNESSES BETWEEN DYNAMISM AND ROUTINE

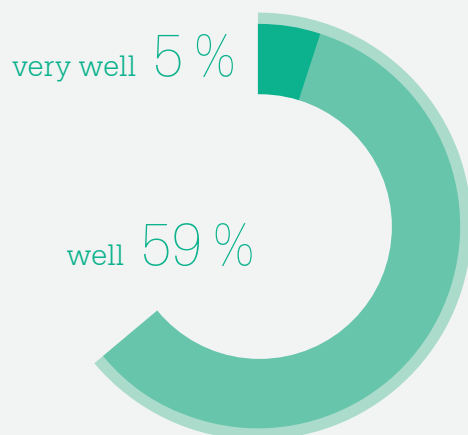
In many manufacturing companies, managing complexity and dynamism is part of everyday work, as is using the appropriate instruments to achieve this balance. The toolbox of standardization, modularization, platforms and components is continuously optimized. 69% of those surveyed see themselves as being in good shape in this regard, and they are equally able to handle processes expediently. This gives rise to a feeling of security: only around half of companies work with risk management to secure their processes on an ongoing basis.

The results also show that nearly four in ten companies have not yet managed to move innovations forward in a systematic and routine manner. This means that they are failing to make effective use of the development potential that is present. Furthermore, not even half of them use clearly defined instruments and structures when it comes to their creative processes.

#### THE AGENDA IS CLEAR

The desire to counteract the complexity and high rate of change in our world today is great. But to what extent do organizations really succeed in adapting their processes to change? The results are mixed: 64% said that they were between good and excellent at setting their course for the future. But a solid third of them felt that they had fallen behind.

To what extent do you manage to adapt your processes to change?



64 % think that they are adapting their processes to change well or very well





"I anticipate that the working world will change radically. Not just because of digitization, either: shifts in society and new forms of work and collaboration will play a part too. This will create challenges for all of us. Having the right education and training are major factors here."

Jens Adami, Head of Controlling, Fischer Panda GmbH





## 5.3

# Leadership and corporate culture

### THE IN-HOUSE CHANGE READINESS PROGRAM

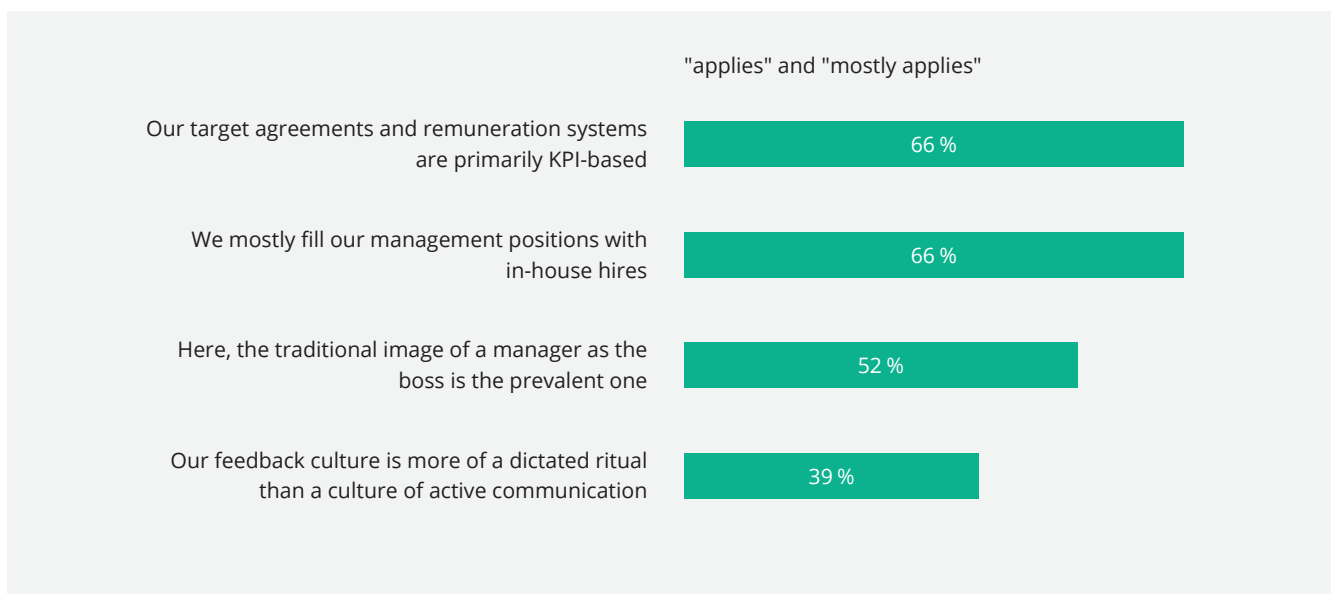
Structures and processes create the foundation for dealing with change. As a complement to that, a company's management style and corporate culture along with how employees are developed and trained are all factors that determine what in-house program it will apply to facing transitions.

After all, if a pioneering spirit and a sense of personal responsibility set the tone, people will look to the future with confidence. Their morale will be further boosted by a positive way of dealing with mistakes and by values that people uphold and live by. Both of these encourage people, and in turn they approach new things with confidence — in themselves, their managers and the entire business.

### A TRADITIONAL INTERPRETATION OF MANAGEMENT STILL PERSISTS

The prevailing leadership and performance culture of a company can be seen through a variety of different indicators. In our study, two-thirds of companies rely upon target agreements and remuneration systems that are primarily classic KPI-based approaches. Management positions are also predominantly filled by in-house hires at a comparable number of companies. This ensures that candidates have solid knowledge of the company, but at the same time it limits the ability to exchange ideas and reduces the opportunities for a fresh perspective.

## What sort of leadership and performance culture is prevalent at your company?



The question about management styles reveals a variety of different philosophies: in half of these companies, the traditional image of a manager as the boss is the prevalent one. By contrast, 48% organize their management in keeping with a newer understanding of leadership. This also includes regular feedback to employees, and in 60% of the companies, this is part of a dynamic communication culture and is not a mere ritual imposed from above.



## ON VALUES AND MISTAKES

In light of the different attitudes towards management, the question arises as to the corporate culture as a whole. Respondents' answers tended to represent the middle of the field: companies are currently unable to position themselves clearly, fluctuating between a conservative basic attitude and a pioneering spirit, between monitoring and trust in their employees. At the same time, the top managers we spoke with expressed a quite self-critical view which shows that structuring a corporate culture is a truly Herculean task.

When it comes to dealing with mistakes, a slight tendency can be noted towards a new positive culture, but at the same time, a solid third of them still focus mainly on blame-seeking. Those surveyed clearly oriented themselves towards the core philosophical elements of their companies: the majority said that values were upheld at their businesses. A sense of personal responsibility was comparably well-pronounced, and a feeling of being remote-controlled only occurred in one of three.

## How would you describe your corporate culture in general?

(expressed as the mean)



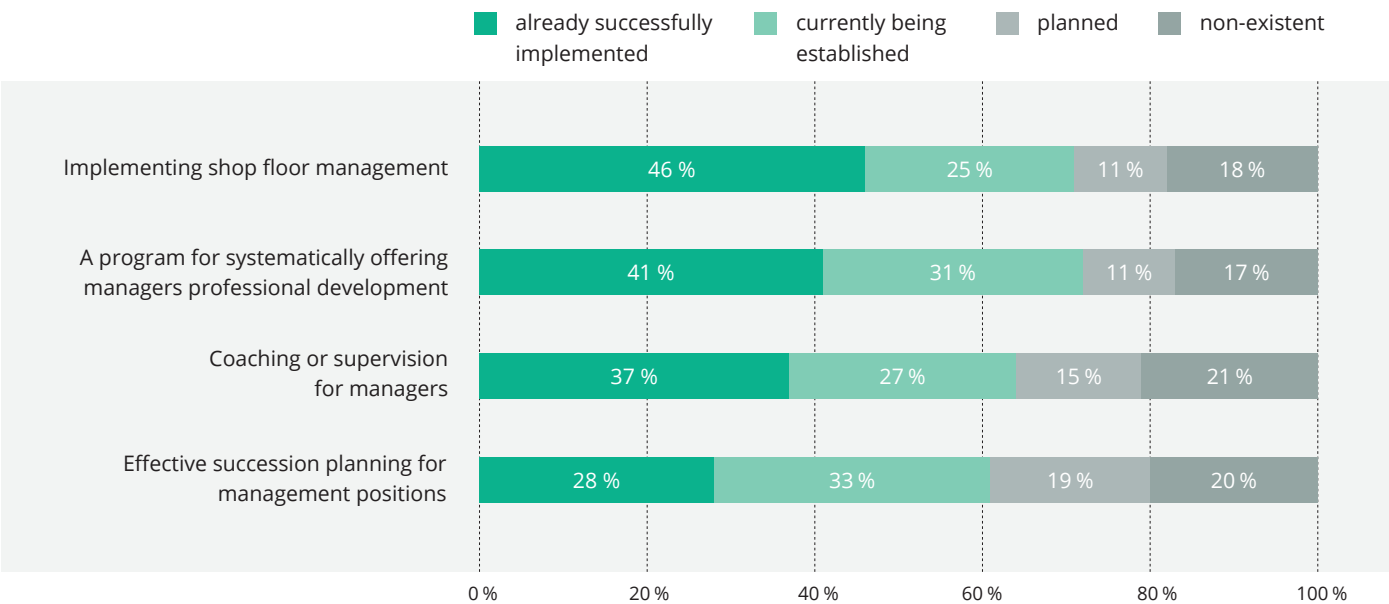
GOOD MANAGEMENT NEEDS ENCOURAGEMENT

There can be no doubt that management plays a key role, if not the most critical role of all, in the adaptability of companies. What is even more interesting, however, is learning how good management is specifically encouraged.

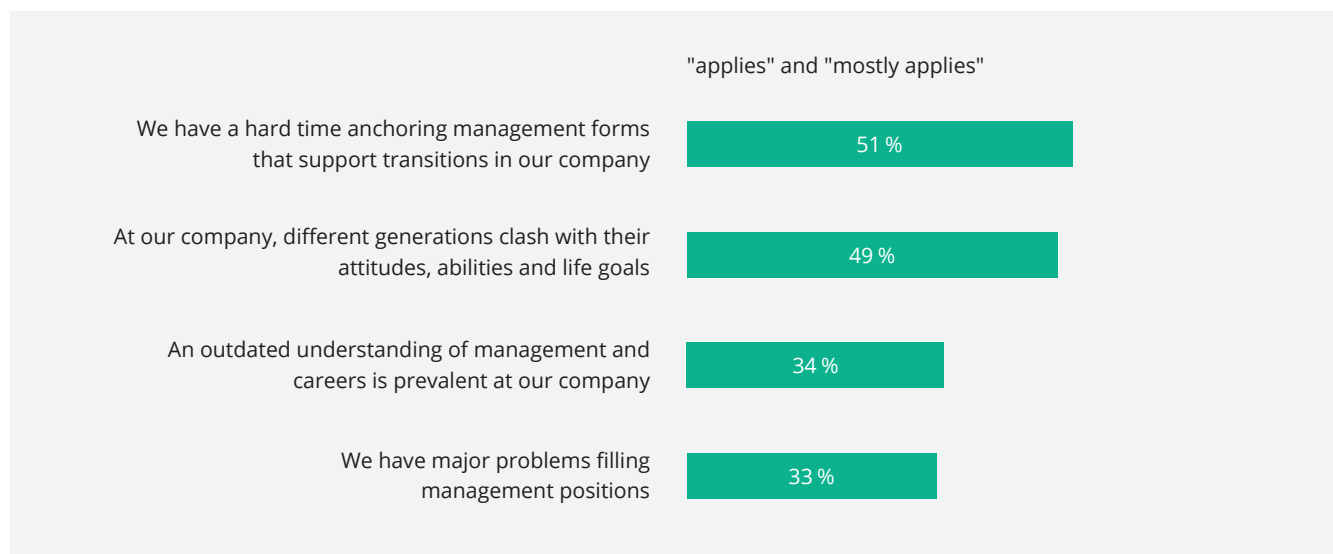
In nearly half of the companies surveyed, shop floor management has been implemented, and a quarter are still in the process of establishing the appropriate Lean systems. At the same time, 20% stated that this tried-and-true industry tool was not existent at their company. Programs for systematically offering managers professional development are present in comparable numbers. It belongs to the corporate repertoire for some 40%, and it is being implemented or planned in approximately the same number of companies.

By contrast, companies have a more difficult time establishing individual programs for managers, such as coaching or supervision. Only 37% have successfully set up the corresponding instruments, and another third are still in the planning or implementation phase. Yet 20% say that this issue is not a topic at their company whatsoever. Another point of concern is that even though there have been complaints for years that there is a shortage of skilled labor, only 28% work with instruments of effective succession planning, and another third is still currently creating some sort of system along these lines. One in five companies have nothing in place at all. It thus comes as no surprise that one in three companies has major difficulties filling management positions. Something else that makes companies increasingly unattractive to top hires is an outdated attitude about careers and the lack of balance between different generations and their respective life goals and perspectives.

How is good leadership encouraged at your company?  
What instruments have you used to achieve this?



## Where are the current challenges you face in terms of your leadership and corporate culture?



### **GUIDELINES FOR WORKING TOGETHER**

As our findings have shown, many companies have a truly ambivalent attitude towards the topic of leadership and corporate culture. Despite having a certain access to tools such as coaching and supervision, nearly half of those surveyed have a difficult time anchoring forms of leadership which support transition management. Whereas many companies still show hesitation towards instruments like mentoring, management tandems and discussion forums, half of them still express an affinity towards these sorts of options. At the same time, 34% indicate that at their company, an outdated understanding of management and careers is prevalent.

In keeping with the preferred approach of filling positions with internal candidates, two-thirds have no difficulties finding in-house hires for jobs with major responsibilities. But no matter whether they are dealing with people from inside or outside of their own ranks, half of the companies see a special challenge in cross-generational cooperation.



"People make the difference. And people need support when it comes to accepting changes. Integrating employees, proper communications and, above all, taking adequate time are deciding factors in my eyes as far as being able to implement changes successfully and sustainably."

Sascha Poteralla, Vice President of engineering, Head of Product Engineering –  
PTC Refrigeration Process Management, GEA Group AG



## 5.4

# Employees and qualifications

### KNOWLEDGE AND THE WILL TO CHANGE

In the mid-term future, the global phenomenon of digitization will redefine the role of people in the work force. The notion that machines will replace the human stake in corporate success is long since outdated. Instead, people now assume that human-machine collaboration will take place hand in hand.

As the working world changes, employees must change along with it and prepare themselves for tomorrow's tasks. Shaping this development is a prerequisite to effective transformation, and this is all the more true since entire professions, business organizations and communication structures will change.

Preparing employees is a multi-faceted process. The cornerstone is knowledge building and training. But the inner attitude has to be right as well: without openness to new things and the willingness to blaze new trails, a company will stagnate.

### OPENNESS AND HUMILITY IN LIGHT OF THEIR TASK

The good news first: 78% of companies surveyed declared that there was a high or even very high willingness among employees to face the new tasks that the future would bring. Three-quarters also describe the employees at their company as being very diverse. A variety of qualifications, talents, professional experiences and personalities offer a rich portfolio from which employees can choose with an eye to future tasks. And indeed, 69% of employees are open to modern management practices with the corresponding instruments and convictions.



The bad news? Only 37% state that their employees are adequately knowledgeable — despite the fact that the employees are motivated and have multifaceted talents, and even though Industry 4.0, digitization and internationalization have been widely discussed topics for quite some time. One possible explanation is that companies' growing awareness of these areas seems to make managers realize that these issues have to be addressed more urgently than ever.

## How well are the employees at your company prepared for Workplace 4.0?



## IDENTIFYING WITH THE COMPANY AS A DRIVER OF CHANGE

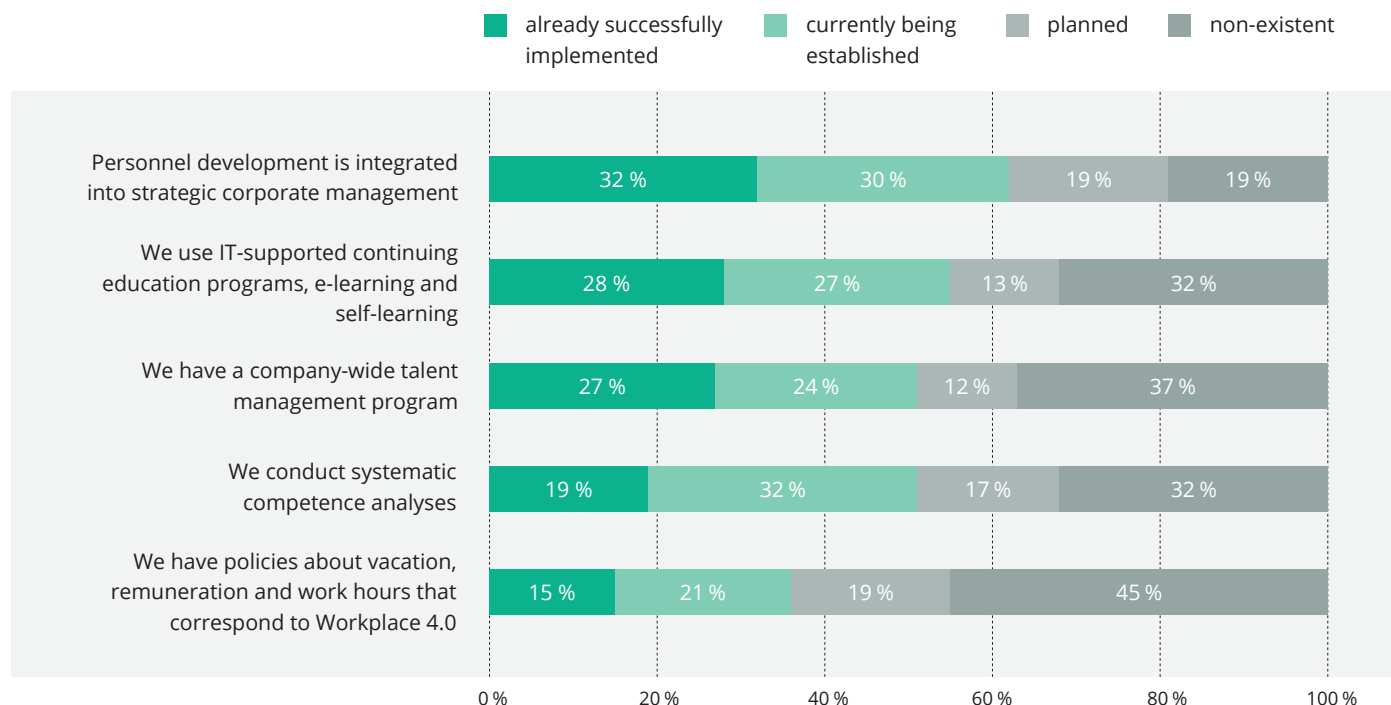
The companies surveyed said that they had confidence in their employees as a solid basis for turbulent times. 93% describe their employees as loyal, and an equal number state that the sense of camaraderie and collaboration is well-pronounced. The place where they do their daily work is a place that matters to them. 86% said the employees were proud of their employer. Three-quarters of the managers perceive the relations at their company as defined by good faith.

The positive aspect of these findings is diminished, however, by the fact that one in five says their employees generally take a work-to-rule approach. This presumably has a tangible effect on the respective teams' willingness to change. In 14%, there is also a culture of distrust which is bound to be counterproductive for effectively implementing change.

## How strongly do employees identify with their workplace?



## What does your company do to prepare its employees for the flexible world of Workplace 4.0?



### HR IS BROUGHT IN RELUCTANTLY

Developing employees to prepare them for tomorrow is a task with many different facets. One-third of the companies in the study has integrated personnel development into strategic corporate leadership. Another third is in the process of establishing direct paths between strategic management and human resources. Digitization has already made its way into the continuing-education process in many places: some two-thirds of companies use IT-supported professional development and e-learning programs. At the same time, however, one in three companies refuses to take advantage of the opportunities of digitally supported development tools.

A solid quarter of companies develop talent within their own ranks by means of a cross-company talent management program, and comparable programs are being established in another quarter. Only one-fifth work with a systematic competence analysis of current employees. Although two-thirds of those polled predominantly fill management positions from within, nearly half forego these instruments, and one-third do not even have plans along such lines.

The people surveyed expressed a greater sense of distance when it came to formal changes involving Workplace 4.0. A mere 15% have established corresponding policies about vacation, remuneration and work hours, and around one-fifth are creating them. Nearly half are not addressing this aspect of transformation at all.

## A DIFFICULT MATCH BETWEEN PEOPLE AND PERSPECTIVES

When it comes to digitization and Industry 4.0, the challenges of the future have to be channeled into Workplace 4.0 by means of a contemporary approach to personnel management. It is still not entirely clear what steps might be necessary here. Nearly two-thirds expressed a lack of clarity about what future-capable employee job profiles in Industry 4.0 might even look like. Around half find the search for the right employees to be extremely difficult. In-house training does not offer any real relief: half say they lack the resources for the appropriate training measures.

## Which challenges does your company face in terms of personnel management?







"I see these challenges as a huge opportunity.  
What matters is consistently integrating employees  
and accompanying them along the way.  
Letting them take part in our success —  
creating a link between performance and fun."

Marcel Ripoll, Head of Production, Atmos MedizinTechnik GmbH & Co. KG





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In the next section, the areas studied in Chapter 5 will be translated into key figures that express the status quo of German manufacturers in terms of adaptability and willingness to transform.



# Findings and perspectives

## STRIKING A BALANCE

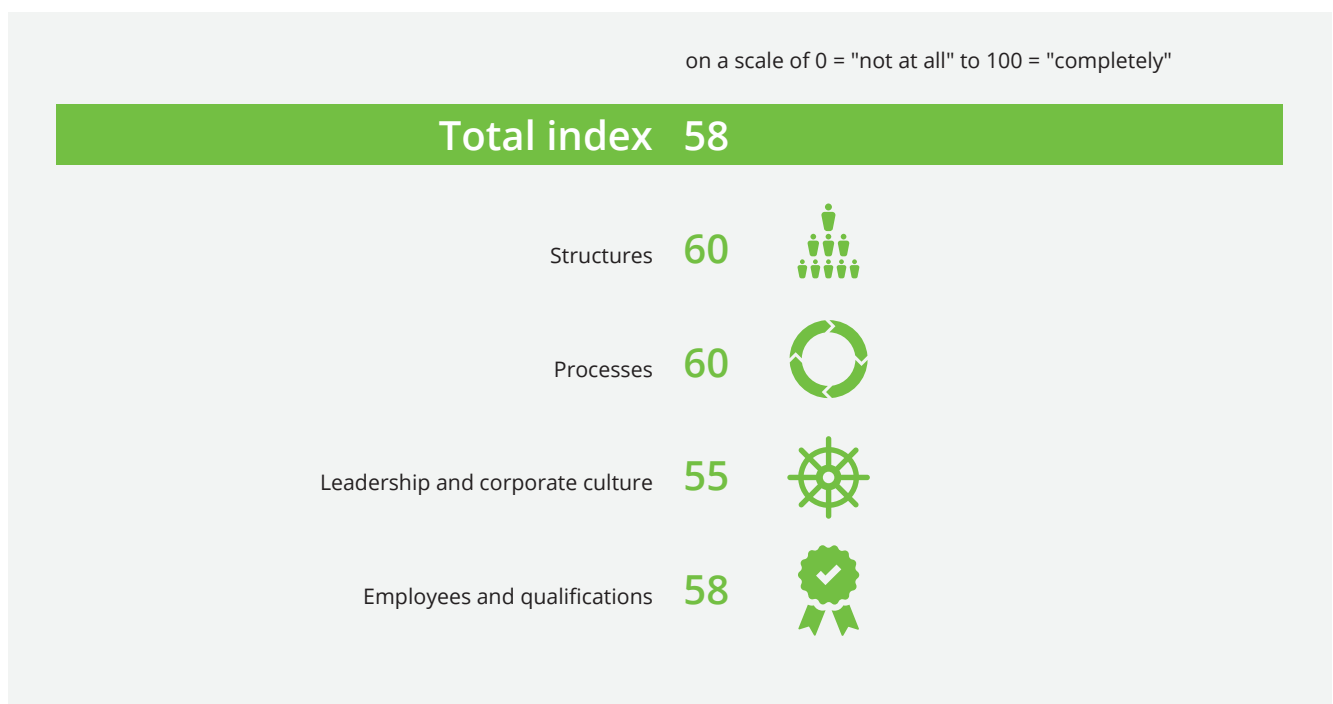
## BETWEEN SUCCESS AND FAILURE

The data gathered from German manufacturers yielded a Change Readiness Index (CRI) of 58 on a scale of 1-100. But a glance at this mean score only shows part of the big picture. All in all, there are enormous fluctuations among the companies surveyed: values ranged from 18 to 90 points. In other words, some businesses are completely lacking in adaptability, whereas others are already well-equipped for the challenges ahead.

The Index showed the following results based on the four key categories the study analyzed. With scores of 60 points each, adaptability is more pronounced in the fields of structures and processes than in leadership (55 points) and employees / qualifications (58 points).



## Change Readiness Index (CRI) of German companies categorized by areas of focus



"In our field, transition is taking place at increasingly brief intervals. Constant adaptation is indispensable if you want to generate growth. This calls for functioning feedback loops so changes can be made. Orienting the company as a learning organization, a systemically organized leadership and working culture which focuses on value — these are important factors in achieving success. (...)"




Francisco Rojo, Project Engineer, ebm-papst St. Georgen GmbH & Co. KG



## Change Readiness Index (CRI) of German companies by industry

on a scale of 0 = "not at all" to 100 = "completely"

### Industry comparison

Mechanical and plant engineering	57	
Automotive industry	61	
Electrical industry	59	

#### THE AUTOMOTIVE INDUSTRY AS A PIONEER IN TRANSITION

An analysis of the results shows that the concrete framework conditions of manufacturing fields appear to have a major impact on the way companies think about and see themselves. Instead of freezing up due to insecurity, industries that are particularly challenged (such as the automotive sector) embrace the challenges that come with transition. With a CRI of 61 points, this industry performed better than any of the others in the study.



## THE PERCEPTION GAP REVEALS THE NEED FOR ACTION

In many contexts, there was a clearly evident discrepancy between a company's self-image and the outside perspective of things. This study links two factors: the perceived readiness of companies to deal with transition versus the actual status quo in companies as documented for the Change Readiness Index.

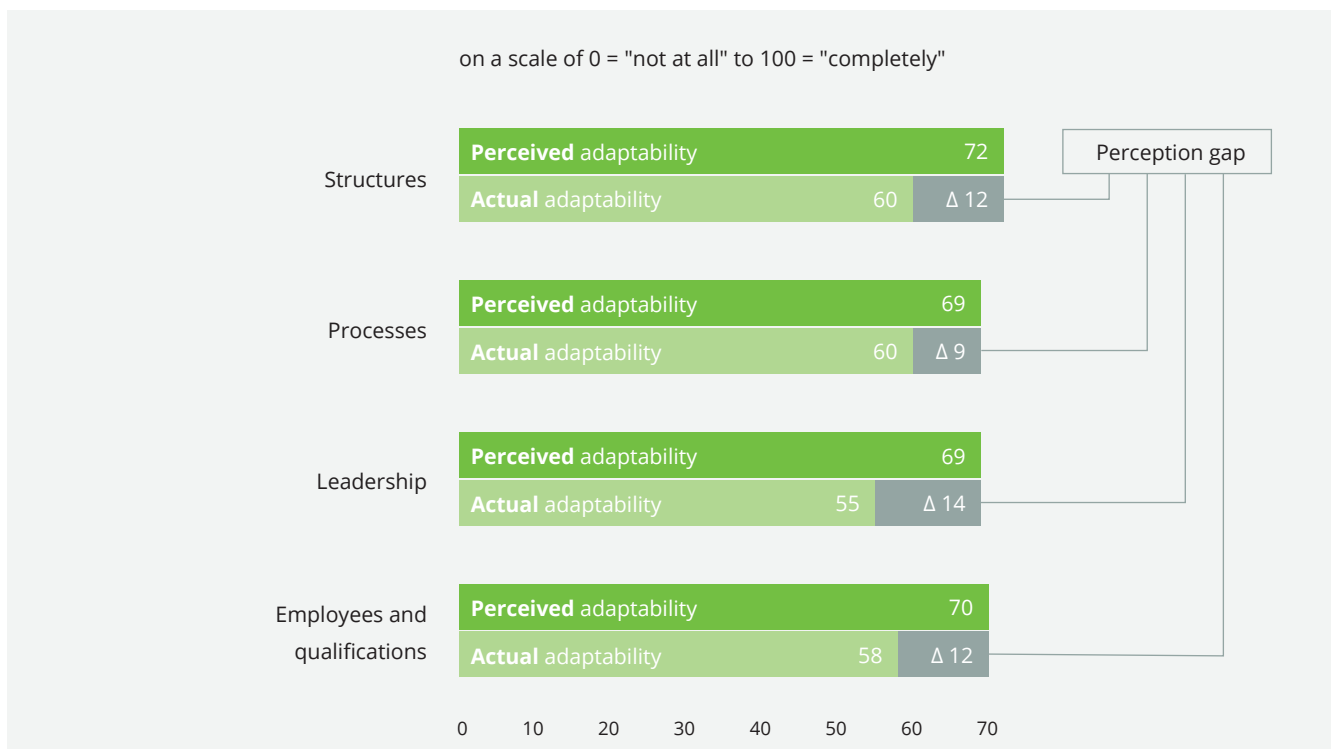
Across all four areas of the study, the perception gap shows the extent to which wishes and reality diverge. The bottom line: companies tend to vastly overestimate their adaptability.

Two-thirds consider themselves to be in excellent to good shape with regard to structures, processes, leadership and corporate culture, and employees and qualifications, whereas one-third sees the a general need to improve. In light of the widespread professional approach to processes and procedures, it comes as no surprise that the deviation between perceived and actual flexibility is at its smallest here. Process-oriented thinking determines strategic action for many manufacturers nowadays. Things look very different when we look at another central parameter, however: as far as leadership is concerned, the discrepancy is especially great between managers' gut instinct and the facts themselves.

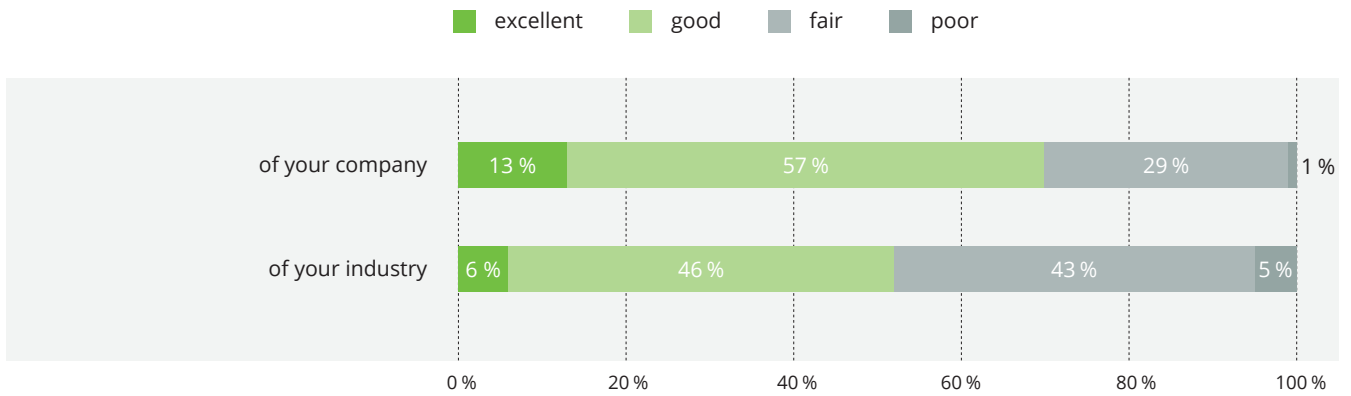
### WISHES VERSUS REALITY

Whenever the managers we surveyed provided space for creative energy, they tended to assess the general situation as more positive. Whereas only half of the companies regard the change readiness of their industry as excellent to good, 70% say that they are especially well prepared for the future in terms of their own adaptability.

## Assessing adaptability



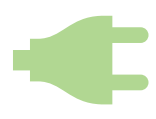
Please rate the adaptability ...



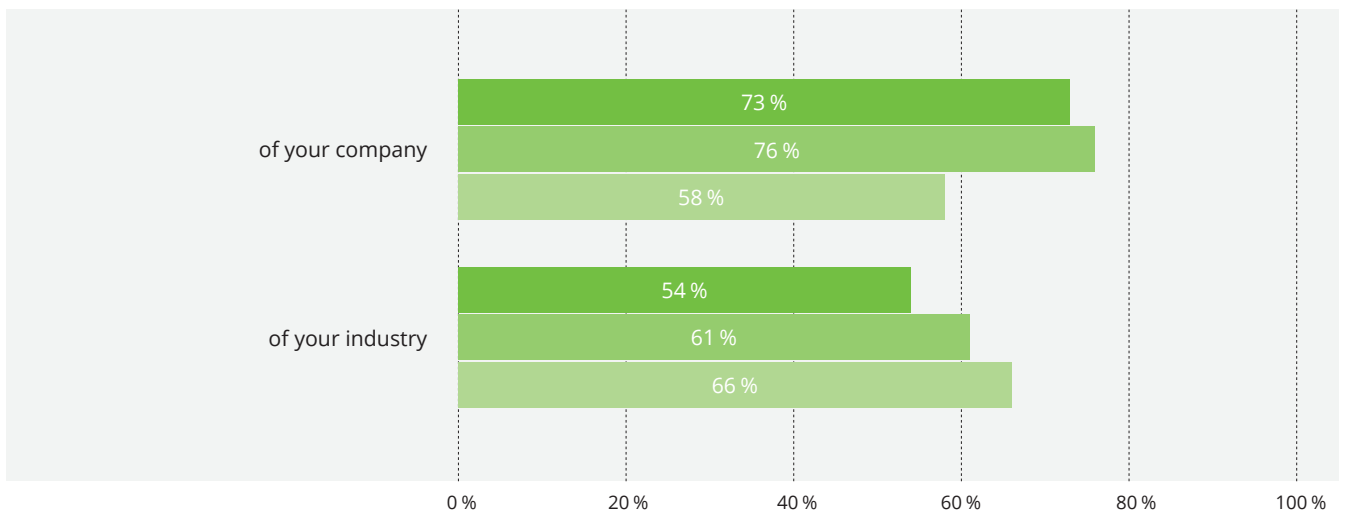
Mechanical and plant engineering



Automotive industry

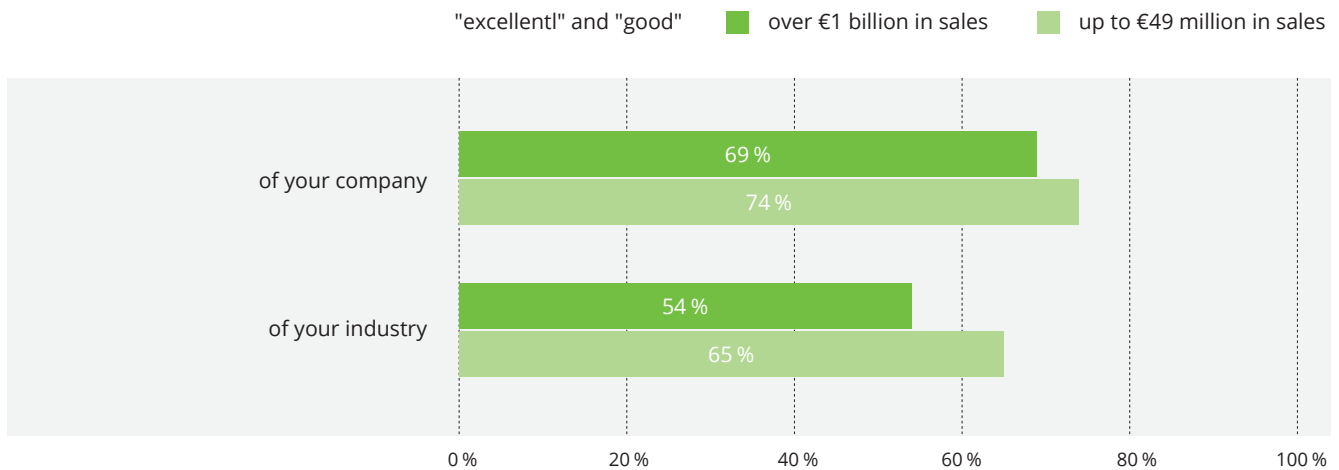


Electrical industry



### FLEXIBILITY CREATES CONFIDENCE

Optimism about mastering the future varies in correlation to the size of the company: smaller companies consider themselves much more adaptable than larger ones, no matter what industry they are in.



### MARKET PRESSURE REQUIRES ADAPTABILITY

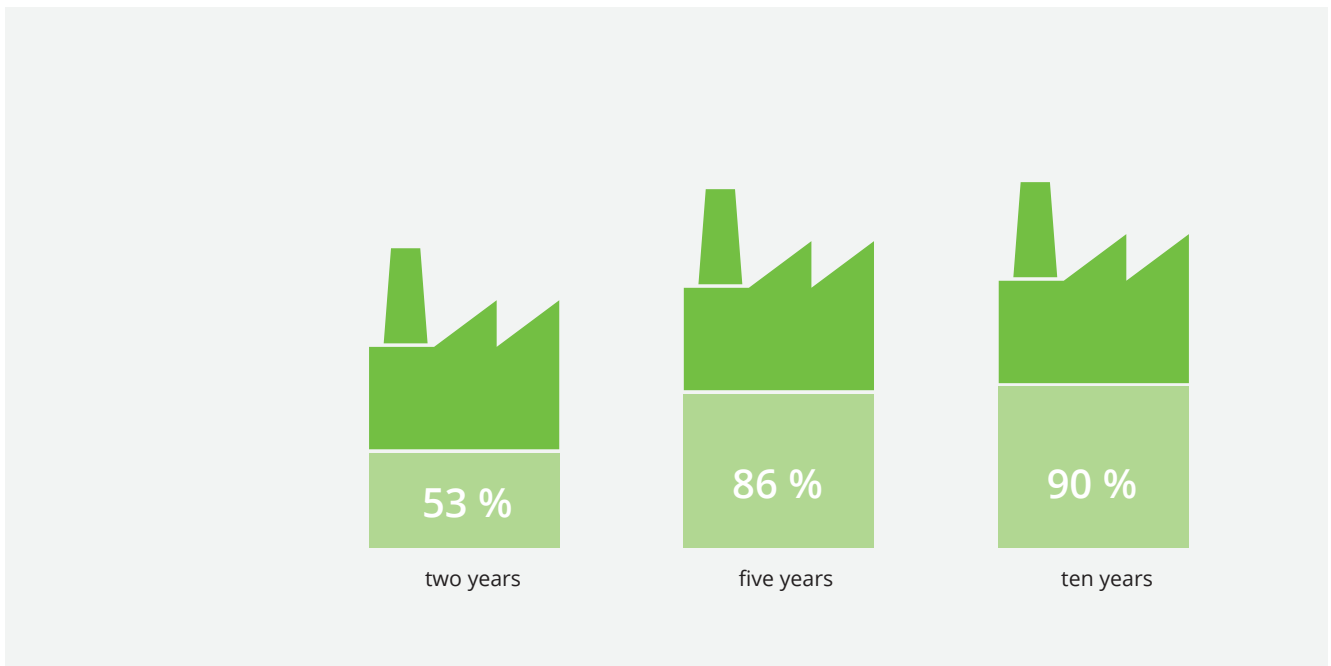
In the automotive industry, market expectations are apparently prompting OEMs and suppliers to prepare for what tomorrow will bring. Three-quarters of the companies see themselves as being appropriately prepared in terms of change readiness. Businesses in mechanical and plant engineering are comparably optimistic: 73% have a positive view of the future. The electrical industry does not perform anywhere near as well: only six in ten companies state that their adaptability is good or excellent. These companies feel that their industry as a whole is in good condition. By contrast, the interpretation of the status quo in the entire industry is more reluctant in the fields of mechanical and plant engineering and in the automotive industry.

### THE RESTRUCTURING OF THE INDUSTRY IS GAINING SPEED

The fact that transitions are coming is beyond doubt for these companies. A glance at the projected timeline reveals the pressure businesses anticipate in preparing for changes: around half expect that their company will change dramatically within two years. And transition seems to be a nearly inevitable process when seen from a mid-term perspective. Nearly nine in ten companies forecast major changes in the coming five to ten years.

How much will your company change in the next ...

"massively" and "greatly"

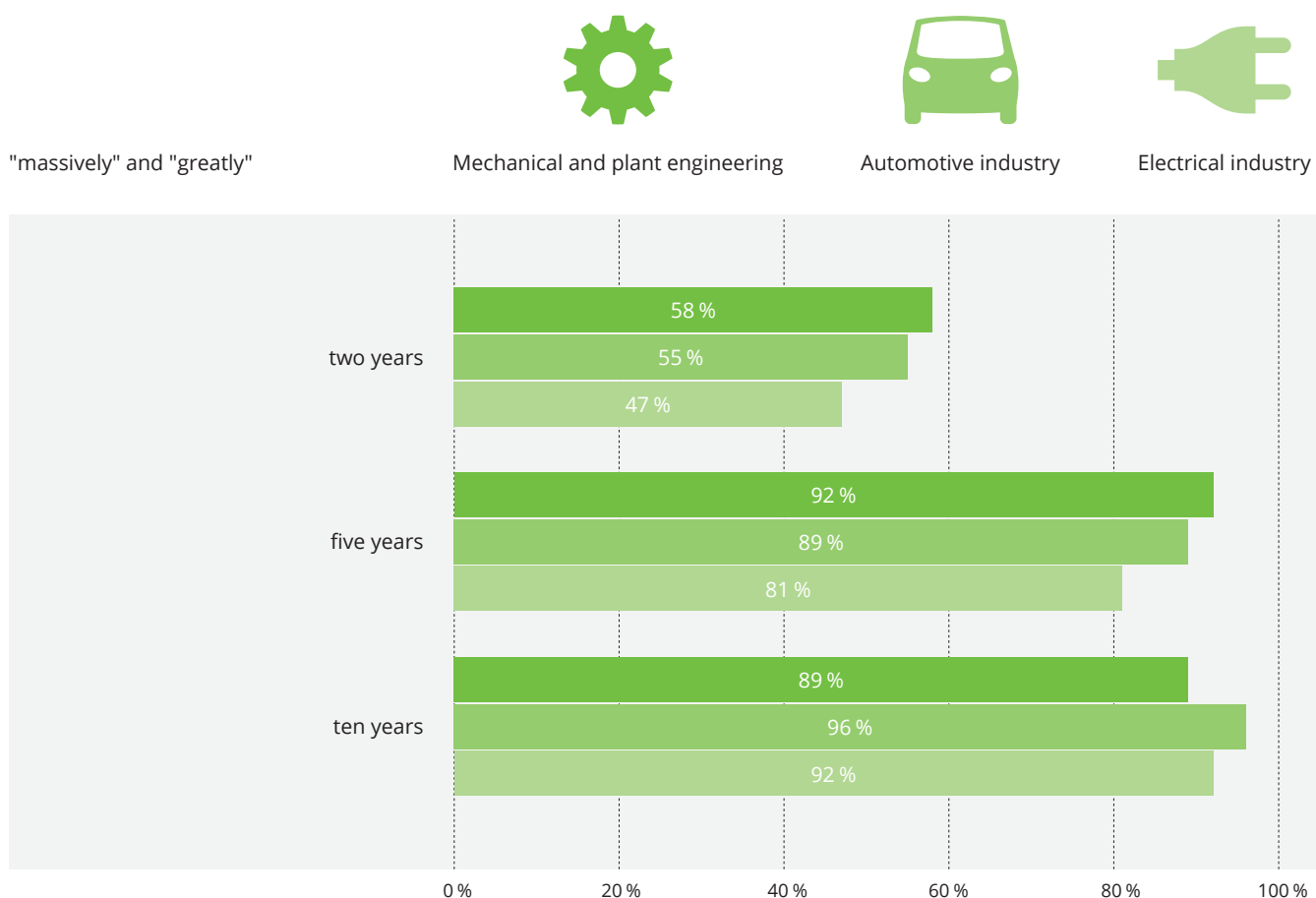




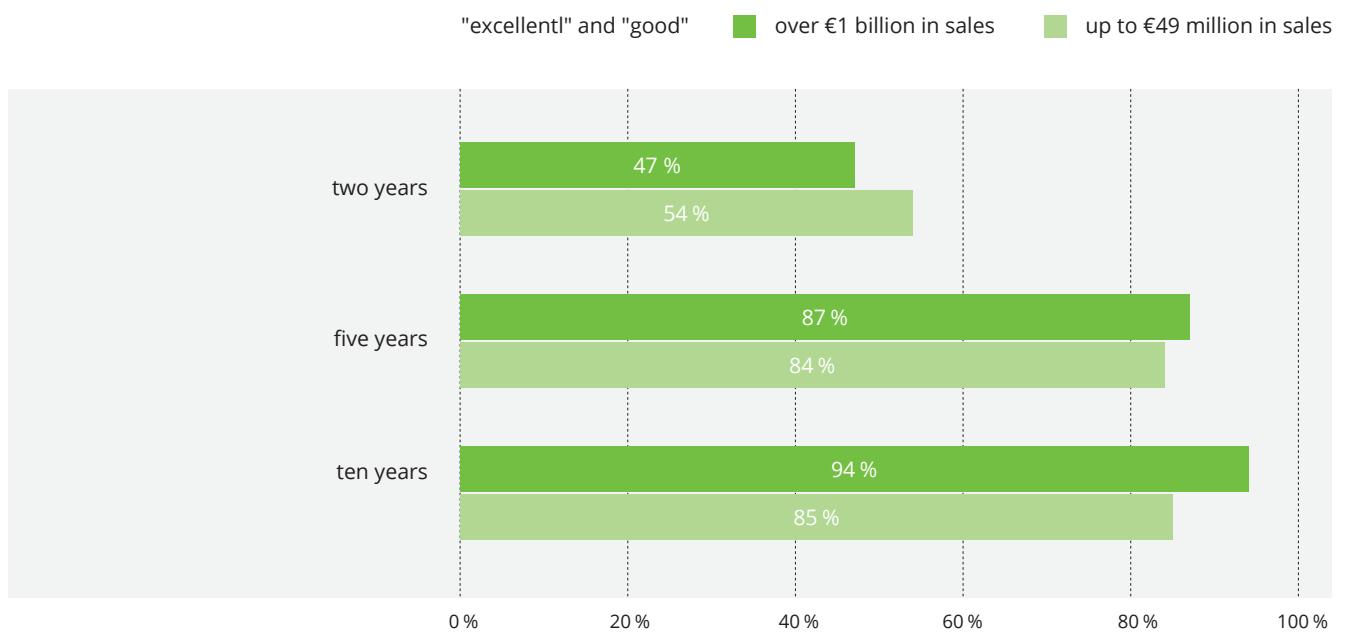
## TRANSITION WILL SPARE NO ONE

Among the industries polled, the specialists in mechanical and plant engineering are the ones who most actively anticipate comprehensive short- and mid-term changes. On average, companies in the electrical industry feel that they have more time than other industries to prepare for the turbulence ahead. Nevertheless, nearly half of them foresee extremely dynamic changes within their own business.

Large and small companies alike are reckoning with changes. Estimates as to how long it might take until megatrends and market changes reach a given business are largely identical regardless of company size. Smaller companies are the ones who anticipate major short-term changes, whereas corporations with over €1 billion in annual sales tend to focus on their five- to ten-year plans.



## How much will your company change in the next ...



### THE MAJORITY RELIES ON LEAN MANAGEMENT

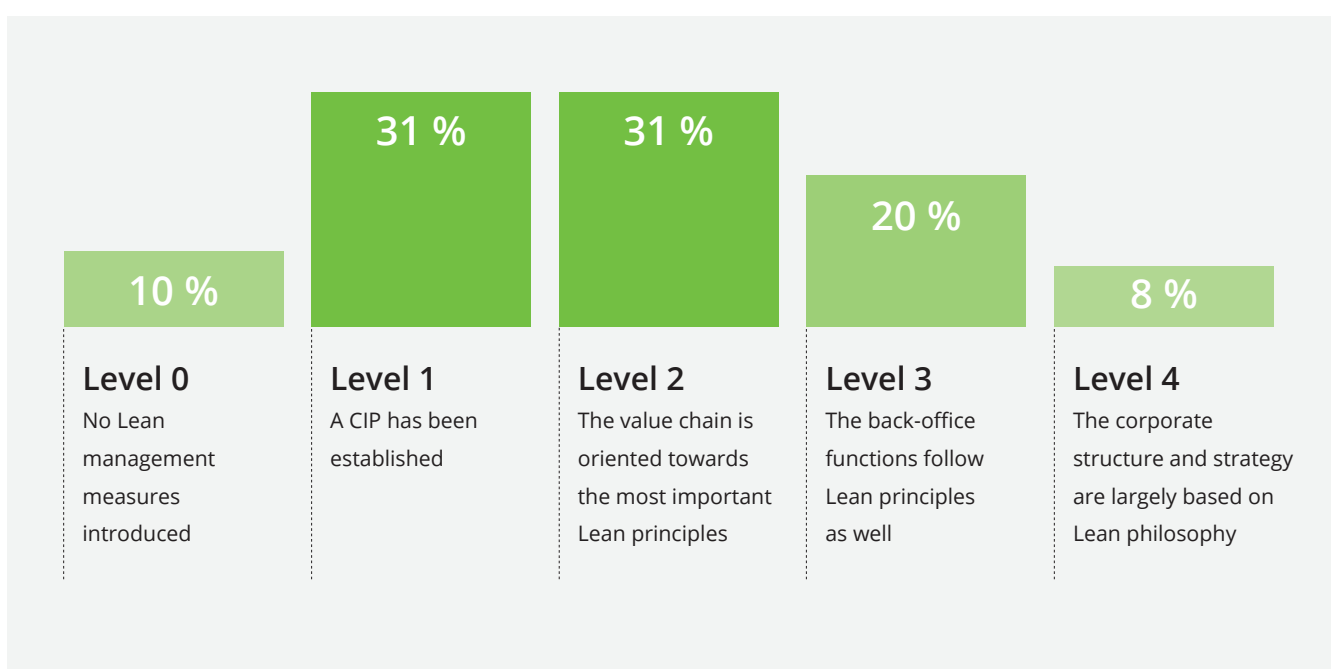
Lean management has an impact in all of the areas discussed above. Consequently, the study asked about the degree to which this management method has been implemented.

Only one in ten businesses have yet to introduce any Lean measures at all. In 31%, a continuous improvement process has been established. The majority have integrated Lean management at an advanced level. Just under a third of the companies surveyed base their value chain on the most important Lean principles, and one in five companies has implemented this approach in their back-office functions. And 8% already strategically and structurally implement the Lean philosophy in a manner that corresponds to a Lean enterprise.

"The topic of transition cannot be seen as a project: it is a thorough change process. Here, the topic of Lean both as a tool and Lean as a change factor / the human factor have to be given equal standing. Beyond that, it has to be launched slowly and step by step. And to make it all a sustainable transformation, it has to take place both top-down and bottom-up."

Head of Lean management at a manufacturer of industrial cameras

How thoroughly has Lean management been established at your company?

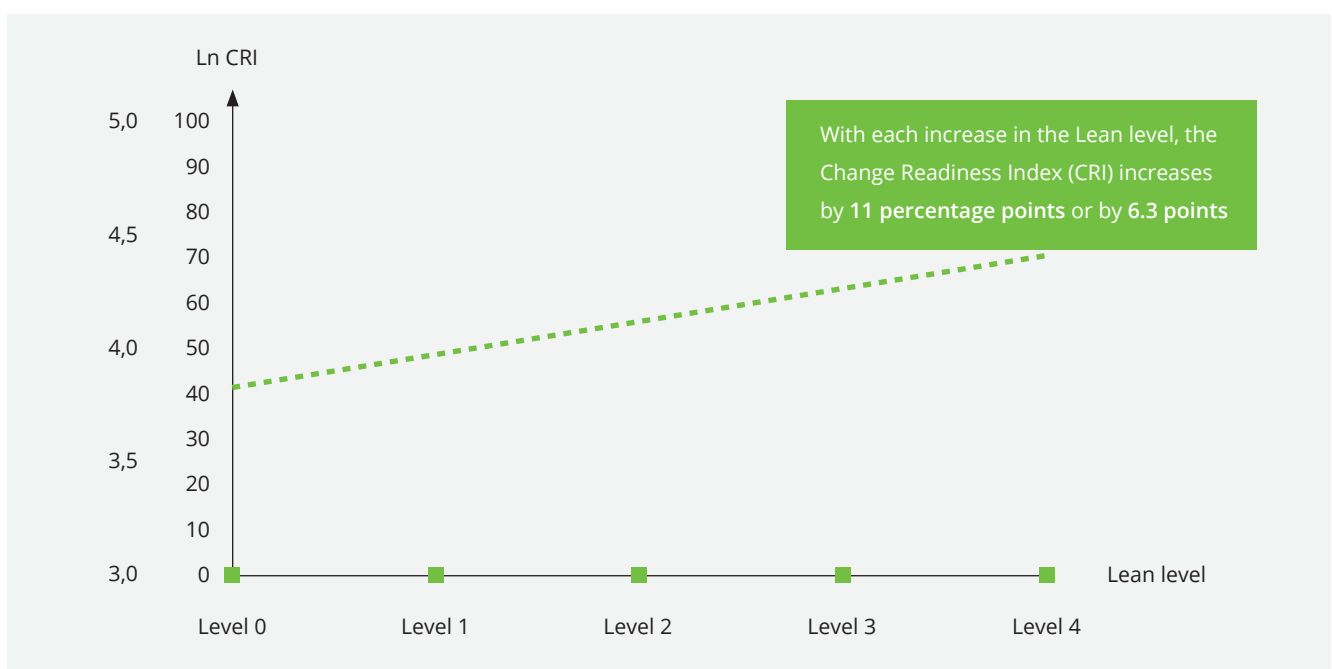


## A GUIDE TO ADAPTABILITY

Lean management — when deployed properly — has proven its long-term merits among German manufacturers. It creates learning organizations with which companies can adjust to change and challenges quickly.

This is also shown in our study: consistently implementing Lean management throughout every function of a business verifiably improves change readiness. Every increase in Lean maturity leads to a CRI score that is 6.3 points higher. Or, to put it in other words, taking the step to the next level of Lean increases the CRI by 11 percentage points. This confirms the fact that Lean management makes businesses more adaptable and paves the way to a future-forward company.

## Context between the degree of Lean management implementation and the adaptability of a company



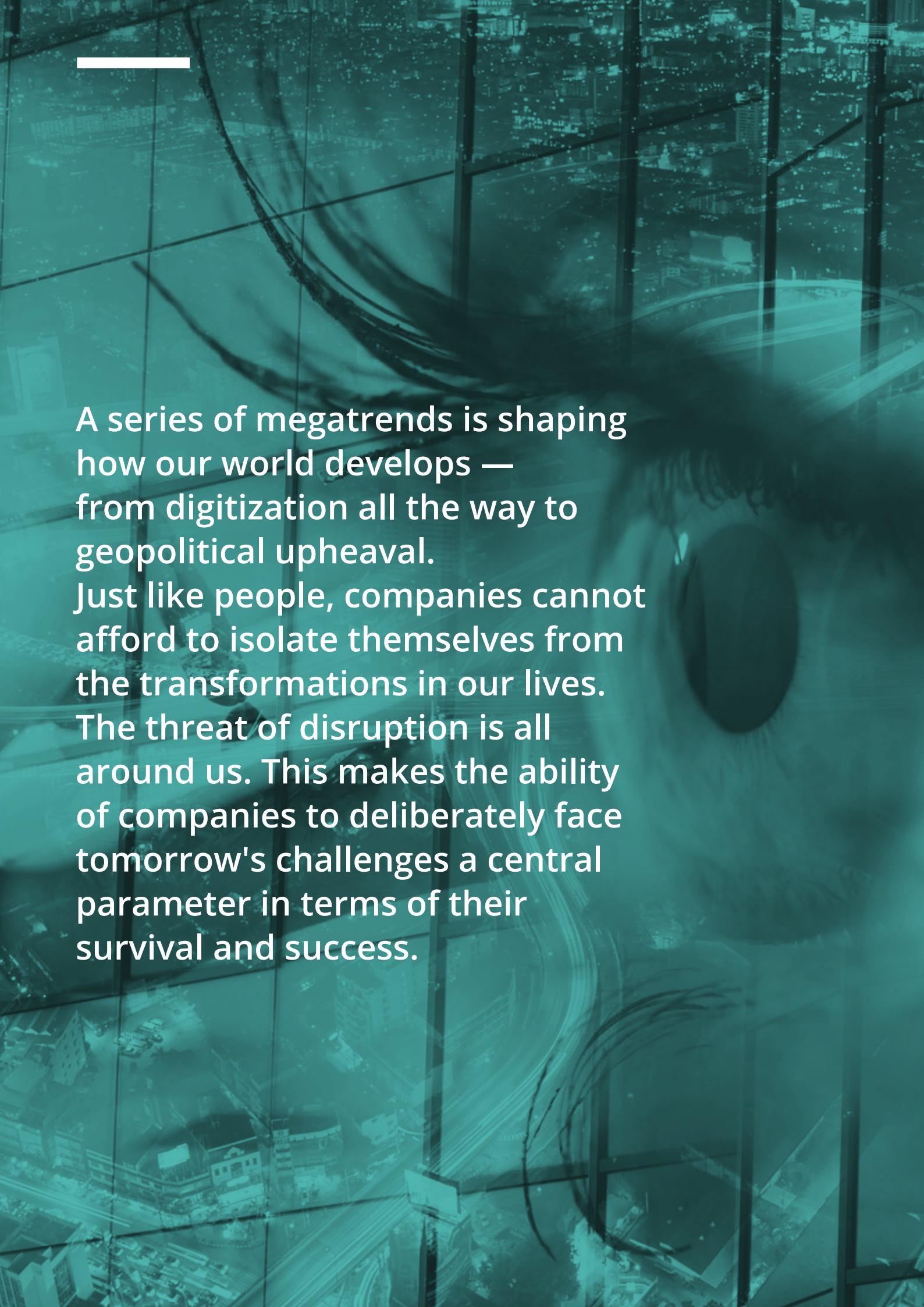




"People's maximal learning takes place on a linear basis, but in the future it has to be exponential to keep up with the dynamic developments awaiting us."

Stefan Munsch, CEO, Munsch Chemie-Pumpen GmbH





A series of megatrends is shaping how our world develops — from digitization all the way to geopolitical upheaval. Just like people, companies cannot afford to isolate themselves from the transformations in our lives. The threat of disruption is all around us. This makes the ability of companies to deliberately face tomorrow's challenges a central parameter in terms of their survival and success.



# Summary

The Staufen Change Readiness Index 2017 illustrates how adaptable companies are. It indicates how well German manufacturers — mid-sized enterprises and conglomerations alike — are able to adapt in four key fields: structures, processes, leadership and corporate culture, and employees and qualifications.

Preparing for tomorrow's challenges is something that does not come easily to companies, but a willingness to change can be clearly seen. People are certain that a transition is approaching, and yet it is still unclear which qualities and competences will be needed. Companies find a sense of security in familiar topics such as optimizing processes and structures. But when it comes to people and to managing and empowering them, the self-assessment tends to be more pessimistic. This mild sense of skepticism does not, however, prevent companies from generally overestimating their change readiness despite the cold hard facts.

As a leading industry, the automotive sector in particular is forced to deal with pressing questions about the future. Within the index, it performs better than the other industries. Furthermore, the results show massive differences between companies. But even if some firms are already much farther along than others, all of them have room for improvement.

There is a tried-and-true method that paves the way to leveraging this potential: according to the unequivocal findings of this study, implementing Lean management tangibly increases the adaptability of a company.



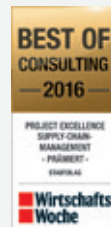
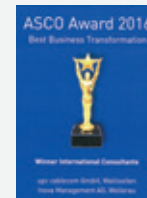
## Who we are

Staufen is a Lean Management consulting service and academy. For over 20 years, we have been offering consulting and training to companies and employees. Around the world.

We believe that inside every company, there is an even better one. Our passion is helping you discover the better version of your company and working with you to establish a sustainable culture of change.

and regularly.

Our awards:



# Facts. Figures. Data.

> 20

years' experience

€50

million in sales

300

projects a year

50

different Lean and Six  
Sigma trainings

> 500

BestPractice visits  
every year

260

employees

> 3.000

Seminar participants every year

14

languages

13

offices in 10 countries

> 70

BestPractice partners

> 90

active trainers and  
coaching experts

ISO 9001  
ISO 29990  
AZAV

certified

# Studies.

All of Staufen's studies are also available online at  
[www.staufen.ag/studien](http://www.staufen.ag/studien)



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