

interview

**ALEXANDER PROUDFOOT**  
*people • productivity • profitability*

# TRANSFORMATION IN ACTION

Invensys improves revenue growth and efficiency while engaging a fragmented global workforce



## INTERVIEW

### Patrick Buffet

President, Invensys Process Systems EMEA

In this first of a series of client interviews, we tell the story of Project 1X6, an Invensys and Alexander Proudfoot business transformation program that delivered sustainable performance improvement to one of the best-known names in the global process industry sector. We begin with Patrick Buffet, president of Invensys Process Systems EMEA, who heads up an operation of 1300 people working in sales services, engineering and manufacturing.



#### **Please tell us a little about your part of Invensys and what was driving this transformation project.**

Invensys Process Systems (IPS) provides products, services and solutions to automate and optimize plant operations, predominantly in the process industries such as refining, all types of chemical industries and power plants. In essence, it's in the business of helping customers operate plants more efficiently and safely.

Traditionally, IPS has been a business organized by product group

and country, but transformation is well underway and the driving force is twofold: the majority of our installed customer base, resources and infrastructure are in Western economies, which although not growing significantly from a capital investment perspective, still offer opportunities for growth in value-added services and asset management; IPS also has huge growth opportunities in other developing markets, where we need to rapidly invest in skilled resources and infrastructure.

**What was the overall objective of the 1X6 project?** To help reorganize worldwide, so that we could to be more customer-oriented and could operate from a reduced cost base. We wanted to be more customer centric, to re-align our organization to better serve locally while building on global efficiencies. We also needed to reduce costs and improve return on sales.

**Why did Invensys bring in a specialist implementation firm?** Our board of directors recognized that to make transformation reality, to achieve tangible results quickly, and provide the necessary follow-through for all the required changes, demanded outside expertise. All levels of management were committed to the transformation but we knew that in order to achieve the organization changes and cost reductions, the project had to get the same priority level as our day-to-day business management. It's easier when you have external help driving things forward. Proudfoot was presented as an implementation specialist by a board member to

other senior executives and we made the appointment on that basis.

#### **Communication must have been a major component in the project.**

**How did you handle this?** The communication strategy was defined at the worldwide IPS level. Group president Mike Caliel then personally communicated the necessity and goals of Project 1x6 to all 6000 employees in IPS. Besides his personal engagement with many employees using multi-media, each site was asked to conduct Town Hall style meetings to clarify the program and to field questions from employees. The overall project objectives were then translated into regional and functional objectives, which in turn were further cascaded and localized in order to make sure all knew what was expected of them and by when. In parallel, we started building teams to jump-start the process change analysis, in collaboration with Proudfoot. In a matter of weeks we had more than 200 people starting to map existing processes and identifying areas for improvements.

**How did you get organized?** Through its initial assessment study, Proudfoot identified cost saving opportunities that were immediately acted upon. For each of these functional areas, we also identified the functional 'work-streams' needed to start mapping processes and identifying areas of quick improvements. We scaled the effort over time and segmented the change workload by functional area, with streams focused on sales, project operations, manufacturing & supply chain, services, and development/IT.

We also had programs to look at margin improvements, cost reductions and incremental growth drivers. The approach worked very well, and

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“ The addition of Alexander Proudfoot was an asset. It created a sustained pace for change. ”

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helped IPS employees and Proudfoot people feel like they belonged to a single team, chartered to deliver tangible results together. These functional groups had their work agenda and progress reviewed weekly to monitor tangible and measurable improvements. And every two weeks, these reviews took place with the whole IPS executive team - the group CEO, COO and CFO, and very often a member of the board of directors.

**It all sounds very fast-paced and high energy – is that how it was?**

Yes, there was a real sense of urgency and time pressure, especially at the project's start when the work streams were established. The cadence was very important though, certainly a critical success factor. It created a sustained rhythm, and the need to show results or significant progress every 15 days at the steering board, made people very motivated.

**Was there a time when the project was too hard to handle and you felt like giving up?**

No, there has never been a time when we considered stopping; we never had that feeling. Through the work streams there were hundreds of people really excited by the opportunity to drive change and who were involved throughout the transformation. Sometimes we

had difficulties steering the workload of multiple work streams. Often we had to change the pace of work, redirect, or find and unleash energy reserves. However, I never had the impression we wanted to stop.

**What's your impression of Proudfoot's management operating system?**

It is a good tool. In sales and operations we are rolling it out. We are expanding it to other activities as well. The choice of key performance indicators has been a good exercise for our line management.

**What would you say is the best lesson?**

The rigorous cadence of the project was useful for me. It was the first time we had seen change driven at a brisk pace, and focusing on process change deliverables as well as cost reductions. It helped me to drive the change and to be involved with many people in the change process. On the one hand we learned that we could implement changes rapidly and on the other hand that we could design processes without slowing down our business recovery. While we were feverishly working through these changes, we achieved significant cost reduction, operating improvements and we also grew our business (orders and sales) at double-digit rates compared to the previous year.

**How did you handle cynicism and overcome change fatigue?**

There was a legitimate resistance: Invensys had gone through several years of difficulties and this project was perceived as yet another attempt to fix the problem, while previous ones had not been either fully implemented or successful. A typical reaction was: "You tried several other approaches in the past, it didn't work; why would this one?" Proudfoot's engagement with a large number of people, and the weekly review discipline, helped overcome objections.

**What would you say to other chief executive officers?**

Growing the top line, cutting cost and improving operating margins, changing the organization, improving many of the basic operating processes in a 70-week span is a formidable challenge for a \$1.3bn business. The addition of Alexander Proudfoot was an asset. It created a sustained pace for change. The weekly cadence of tracking cost/benefit is a formidable tool to get things done thoroughly, completely and on time.

**And finally, would you do it all again?**

Yes, and I would know how to get even more out of it! We would be mobilizing ourselves more quickly to get moving in all the work streams.





## ABOUT THE PROJECT

In 2002-03 Invensys sold substantial parts of the group, and then in 2003-04 they sold more than half of their remaining business. They raised more than £1.8 billion and used these funds to reduce borrowings and combat a drop in orders. The focus now is on the future core business, Invensys Process Systems. Their aim is not simply to improve what they have, but to “migrate” the business to the future state that they have defined. They realized they needed external help to make this happen. The Business Review undertaken by Proudfoot highlighted some key issues:

- As a result of all the mergers and divestments the organization was set up in a complex and fragmented fashion. This caused communication problems, duplication of resources, prevented change implementation and added significant costs to the business. There was a high resistance to change.
- With many different systems in place they lacked the metrics to measure the correct drivers at the appropriate levels in the organization.
- There was a limited focus on productivity in every area of the organization and consequently they were overstaffed in many areas.
- They did not have a consistent Sales Management Operating System to give clarity and consistency of expectations, activities and sales effectiveness. They had many sales models and had not defined ‘best practice’ against which performance could be measured.

## ABOUT INVENSYS

Today’s Invensys Process Systems (IPS) business can trace its corporate roots as far back as 1819 with the formation of Siebe plc, founded by British inventor Augustus Siebe, who developed one of the world’s first diving helmets. Invensys Process Systems is now part of the £3.5bn Invensys Corporation formed in 1999 through the merger of BTR and Siebe. Invensys is a global automation, controls and process solutions group operating in more than 60 countries, and a global leader in resource productivity. Its products and services, expertise, and technologies enable its customers to maximize return on investments, conserve resources and optimize performance across their supply chains. Invensys serves the process and batch industries—from oil and gas, power and utilities, chemicals, and rail systems to food and beverage healthcare, and data communications—as well as the discrete and hybrid manufacturing sectors. Its customers are some of the world’s largest enterprises, including Shell, BP, Bayer, China Light and Power, EDF Energy, General Mills, Kraft and Eli Lilly.

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