Introducing Sense & Respond at DSC Logistics


...... [In] the mid-1980s, the time required to adapt to new, significantly different changes in the needs of DSC's individual customers averaged three years. DSC prided itself on its willingness to respond to occasional special requests from customers to do something they had never done before.

But by the time Ann Drake took over the reins of DSC Logistics in 1992, the three-year cycle time had shrunk drastically. New customers called with one-off requests requiring a complete response in as little as eleven days. Driving this, of course, was the declining predictability of the requests received by DSC's customers from their own customers. The unprecedented was rapidly becoming routine. More and more, to provide value, DSC had to help its customers cope with discontinuous change. This proved very disruptive, and by 1994 internal operations at DSC had become very ad hoc and less and less profitable. The same request made to different parts of the organization now elicited different ad hoc responses to accomplish the same thing.

Drake concluded that DSC's future success depended on its transformation into a sense-and-respond organization. She made her first priority the establishment of common processes, a prelude to modularization. At the same time she launched a campaign to instill a sense-and-respond mindset throughout the company. She published her vision as a strategic imperative, telling both customers and employees that DSC Logistics would "become the premier adaptive sense-and-respond logistics company," and reinforced this message with an education program for operational and policy executives.

Drake believes that coming in as she did as an outsider was an advantage. She did not have to tear down her own preconceptions about how a logistics company should be run. Her mind was open to the need for transformation and to new ways of thinking. Most of the people she worked with had been part of the "old" DSC, and .... Drake saw an important part of her job to be fostering new ways of thinking and acting.

Drake understood that people not only needed to learn sense-and-respond, they needed to unlearn many of their ingrained ideas and habits. Unlearning can sometimes be the hardest part of changing. Drake says, "Unlearning 'plan your work and work your plan' took more time than I wanted it to." One of DSC's operations vice presidents remarked, "It's the opposite of everything you've been taught to think about a business and its customers."
Such radical learning and unlearning cannot be accomplished passively, by sitting through a few courses. Drake makes this clear:

*It’s very difficult to communicate a big new concept. People must be given an experience. Even though we conducted a wide variety of internal courses, the ones who became most zealous are the ones who went to the Palisades for a “retreat.” Focused immersion in a new concept is not unlike being “born again.”*

Learning an entirely new way of working cannot occur on an abstract level. It comes from applying the concepts in human terms, from directly experiencing authentic negotiation and the rewards that follow from consistently making trade-offs in the firm’s interest. Not everyone wants or has the aptitude to work this way. Drake saw that attracting people with the necessary skills and predispositions would be exceptionally important if DSC was to succeed in creating a sense-and-respond environment.

*We spent one entire year coming up with the human characteristics, capabilities, and traits that we thought we would need to operate as a sense-and-respond company. Because this forced us “inside the skin” of the people who would have to make the vision happen, it propelled us along the path to sense-and-respond much faster than would have otherwise been the case.*

Understanding that she was dealing with systemic, ongoing transformation, not just a new management style, Drake made sure that the learning process involved everyone in the company. Learning meant conversation, not a one-way transmission of management ideas.

*We have asked every employee to support sense-and-respond. When senior management visits a facility, they talk about it at the transactional level. Employees share what it means to them and to their work with customers. We learn a lot from their way of translating it.*

Learning and doing are entwined. Although Drake has, necessarily, put a lot of emphasis on education in leading the transformation at DSC Logistics, no clear demarcation exists between education and implementation. The learning process leads to understanding that can be immediately put into practice. This unity affects how people think about carrying out their particular responsibilities and results in larger-scale changes. Drake describes the process this way:
We have come to think of sense-and-respond at four levels: transactional, process, organizational, and strategic. This has not only helped us think about our own business, but structures our approach to helping our customers lower their total systems costs. We changed our sales training to emphasize facilitation of response definition, instead of selling predefined services.

DSC’s transformation is far from complete. Drake sees the integration of technology into the sense-and-respond system as one area lagging behind others. She knows IT expertise must play a key role in representing and running the business.

We still have a long way to go in using technology-based sensing mechanisms. We have now made the chief technology officer a part of the senior team, but it was not easy finding someone who could be conceptual in helping us with our business design and also good at managing the nuts and bolts of information systems.

Nevertheless, progress has been made on several other fronts. The entire organization is now in the mode of continuously improving common processes, and DSC was poised to begin modularizing these processes in the first months of 1999. The executive team has used scenario planning to assist in the creation and evolution of DSC’s context and has identified the key capabilities necessary to realize the firm’s purpose of responding profitably to customer requests for integrated logistical systems and supply-chain solutions. Policy-makers have codified what they have learned about sense-and-respond leadership imperatives in a set of “Leadership Practices and Characteristics,” a document Drake uses in filling key executive positions. DSC has, in addition, developed a template for profiling customers that enables the firm to identify and invest in mutually profitable customer relationships based on information sharing. As a result, says Drake, “more and more of our customers and potential customers are asking us to take the logistics leadership role in their business. This is confirmation for us that we are moving in the right direction.”