

Barack Obama gave his presidential campaign a positive vibe with the typically American slogan 'Yes we can' – and then won with overwhelming success. It's easy enough to use the optimism of that American can-do mentality for a slogan (as in TNT's 'Sure we can' campaign), but that doesn't necessarily mean that the philosophy has been adopted. What exactly is a can-do mentality? How is it applicable to supply chains? And what can the Dutch learn from it?

By: Jaap van Sandijk

The American can-do mentality

How can Dutch companies benefit from it?

Solve eighty per cent of the problem in twenty per cent of the time. What about obstacles? These can be removed in the course of implementation, as long as there aren't any 'deal breakers' that were identified initially. That's how Frank Oosterbaan defines the can-do mentality; he works in Switzerland as the Global Supply Chain Director for the Specialty Plastics & Elastomers business group of DOW Chemical Company, an American company. It's an approach he fully embraces. 'Because of this mentality, decisions are made much more quickly. In Europe, we tend to talk things through down to the finest detail and try to arrange everything perfectly, whereas the Americans say, "As long as we're all headed in the same direction and all set ourselves to the task, we'll make it." Sure, that means assuming a bit more risk, but you can prepare yourself for that with good risk mitigation management thus avoiding as much as possible.'

Adopting a can-do mentality is not quite as simple as 'going for it all together.' Being blinded by unrealistic optimism, seduced by bonuses, allowing top managers too much freedom – these can be a prelude to disaster. According to Oosterbaan, two things are essential for successfully implementing a can-do mentality: change management and communication. 'You have to get the entire organisation on board,' he says. 'When we make important decisions in the Netherlands, we tend to communicate them only once. After all, the thinking goes, one time should be enough for everyone to get it and go for it. But, the Americans say, communication is not just about content. It is also about emotion: employees have to traverse a certain acceptance curve. That is why communications are such an essential part of the can-do approach.' Patrick Gunther, director of EMEA Supply Chain/Demand

Control at Bausch & Lomb, agrees with the importance of good communication. 'We have 300 people working here in Amsterdam at our European distribution centre,' he says. 'Communicating by email alone is ineffective; you won't reach people satisfactorily that way. We therefore use both narrowcasting and floor talks to communicate with the staff. >

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One of the benefits of the can-do method is that you can involve everyone and communicate openly.'

Mindset

There is no blueprint for implementing the can-do approach in your company, according to Greg Good, Supply Chain Practice Manager at Cargill in Minneapolis. Good has worked for this

international supplier of products and services in the food, agriculture and risk management sectors for over 25 years. 'It's a mindset,' he points out. 'The guiding principle for the can-do approach is a constant focus on execution. If a problem arises, I call my team together and ask each person, "What is your view of the impact that this problem will have on the customer?" Then we define the problem and decide what the most likely solution is. Based on that hypothesis – because it is no more than that – we look at the potential risks associated with the solution. We thus perform a quick scan and start working on the most likely solution and not the whole set of possible solutions.' That was how Good and his team were able to solve a mismatch (between growing demand and declining staff levels) at several factories in a division within three weeks, by introducing an optimisation strategy that better matched product demand to staff levels at the various factories. How do you explain that success? 'It obviously has partly to do with the way you approach the problem and what tools you use, but also with the mindset we discussed earlier: identify the problem, look at the risks of not taking any action and at the benefits if you do take action.' A classic example of can-do thinking, as Good says, 'For this problem, we based our actions on the most hypothetical solution and went for it wholeheartedly, without saying, "Why don't we try it out in one factory first and then roll the project out further if it proves successful."'

When asked about the advantages of can-do thinking, Good mentions the ability to quickly restore high performance levels and positive customer appreciation. 'They can see that you take action quickly and come up with solutions when there are problems,' he says. He is, however, also aware of the drawbacks: 'With a can-do mentality, you're always having to put out fires, always busy solving the next problem. That can undermine

TOP-DOWN VERSUS BOTTOM-UP

Can-do thinking amounts to more than 'Just do it'; it also means not thinking in terms of concepts for too long, according to Eric Hopstaken, Supply Chain Process Director for Cargill Refined Oils Europe. Hopstaken previously worked for another American company, General Electric Plastics, and is a devotee of the can-do mentality. He associates it with rolling up your sleeves and keeping a level head. 'Americans have a conceptual nature but aren't afraid to get down to the operational basics reasonably quickly,' Hopstaken says. 'In the Netherlands, we usually think about things from an operation perspective, and then move on from there to distilling concepts. In other words, it's top-down versus bottom-up.'

Since Americans can make that switch between strategy and operation very quickly, they can also respond quickly to changes in the market. Yes, there are risks associated with that, Hopstaken acknowledges. If you are short on working capital but still want to

invest, for instance, you're not going to call in outside consultants but deploy your own experts, and you might be quick to make a potentially risky decision. 'That could be a disadvantage. But if you are good at estimating and managing risk, it could turn out very well. What is critical in this context is the way you communicate to everyone involved, at every level of your organisation. This has to be done not just through email, but also in one-on-one talks and so-called town hall meetings with all of the employees, to get everyone on the same wavelength about a given initiative – and to keep them there.'

Hopstaken urges a 'best of both worlds' approach. 'If on the one hand you are going to provide freedom, you must make sure it is well managed on the other,' he explains. 'The trick is to find the right people, who can balance this combination, both in theory and in practice, and who can take up the challenge of working from both a conceptual and an implementation framework.'

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your efforts to develop a strategic long-term vision. At Cargill, we surveyed our strengths and weaknesses which revealed that we think we're very good at logistics management and order fulfilment, but that we are not as good at the alignment – design – of the organisation, predicting demand or systems infrastructure: the more strategic aspects, in other words. The lesson for us is that we need to take a greater step backwards, view things from a distance, and also ask ourselves every once in a while: Where do we really want to be in 18 or 24 months? If you can do that well, you can probably also prevent a lot of small fires.'

But what will the company do with the findings from the audit? 'We determine our business strategy once every two to five years,' Good says, 'but that hasn't included a close look at how the supply chain is being executed. We have to do a better job of asking ourselves whether the supply chain is still consistent with the business strategy or whether it should be redesigned. As I always say here at the company, we must not forget that our supply chain reflects our history, not our strategy. The supply chain grew into what it is gradually over time – through acquisition and organic growth. But we have never looked at it from a strategic point of view.'

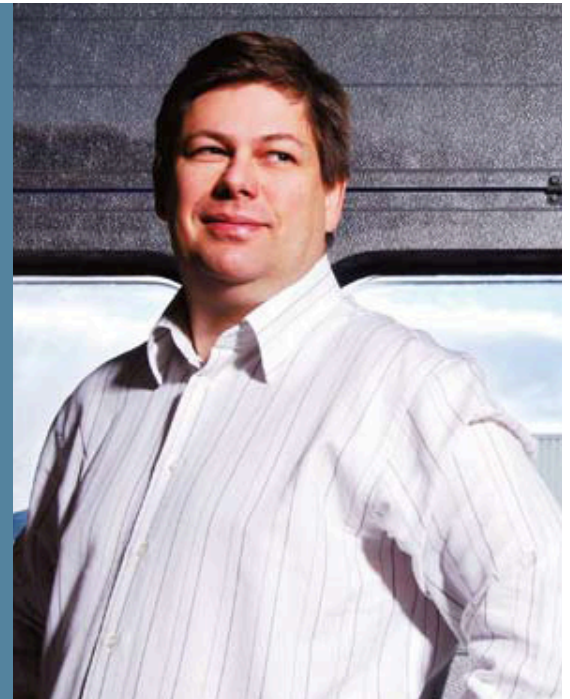
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Let's hear again from a Dutch person with can-do experience. Frank Oosterbaan thinks it's mostly about hard work. 'It calls for a lot of course adjustments, because you know what direction your ship is headed in, but you don't know exactly what you'll encounter along the way. That's as it should be, because even if you know all the solutions to potential problems going in, the world will have changed in the meantime.'

Not only must the can-do ethic be part of a company's DNA, the staff must possess it, as well. 'I worked in North Carolina for four years, for the DOW Latex business unit,' Oosterbaan continues. 'In 2002, my team and I came up with a plan to build a factory in Louisiana with horizontal, instead of vertical, storage: inventory would go directly to the customer, which would save on both capital for tanks and working capital. Thirty to forty managers and experts committed to the plan and said it was feasible. That was a huge commitment: "You sign in blood," is what I actually said to them. Once the decisions had been made and nobody had said that it definitely would not work, we all went for it, even though we were extremely nervous – that's part of the can-do mentality, too. There were obstacles along the way, such as a shortage of logistical resources caused by a lack of lorry drivers on the American market, but by using more rail transport, we were able to make the operation a success. We relied on the Failure Mode and Effects Analysis designed for Six Sigma for our risk management. In the end, we managed to avoid having to spend twenty-five million dollars on storage capacity.'

The can-do approach is perfect in times of crisis, according to Oosterbaan, 'because you operate much faster. And certainly in

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times of crisis, you have to be able to make decisions quickly. If that means you run the risk of missing an order, then so be it. You simply can't possess all available knowledge at every given moment. To some extent, can-do thinking is also entrepreneurship.' It also has dangerous aspects, however. 'The attitude that "no-can-do is not appreciated" is great, but

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Supply chain guru David Simchi-Levi is a professor at Massachusetts Institute of Technology (MIT).

if an operation is under a great deal of pressure – because of a tight deadline, say – you run the risk with can-do methods of overshooting and losing all sense of reality,' says Peter Roerig, Supply Chain Manager at FrieslandCampina. Roerig worked for the American company Abbott Logistics for eight years, in their global planning centre in Zwolle (the Netherlands), and was exposed to the negative aspects of the can-do mentality. 'Since some of the distribution centres in Europe were being closed, the challenge was to get out the first shipments from a new distribution centre in the Netherlands quickly. It didn't actually work, but no one wanted to be the messenger who had to tell them it wasn't going to work – there were also bonuses involved

– so, a small shipment was put together by hand under the guise of meeting the deadline. That's when you see that can-do thinking can lead to working with blinkers on.'

Continental model

But can we Europeans adopt directly the can-do approach without any modification? With the right attitude, according to Peter Roerig, we can. 'Since my experience at Abbott Logistics, I have a different attitude in my work and approach problems differently. After the merger between Friesland Foods and Campina, there was too much inventory in the chain. We originally looked at how we could diminish that incrementally, but then I suggested taking a more radical, can-do approach. We appointed a task force whose job it was to reduce the inventory by a quarter. You thus present the problem as much more of a challenge and also create more of a plan of action that demands out-of-the-box thinking. Then, you really will figure it out. Remember, the can-do methodology says there is a solution – you just have to find it. By repeating that out loud to one another in meetings, you also create an energy boost. If you're unable to find the solution, you just have to work harder until you do.'

Patrick Gunther thinks that European companies that operate according to the continental economic model might benefit even more from the advantages of the can-do mentality than American companies, which are primarily structured according to the Anglo-Saxon economic model. 'There are obviously also benefits in that Anglo-Saxon model – the more practical configuration of the right of dismissal being one example. But the Anglo-Saxon model is based on controlling people, whereas under the continental model, employees have a lot more freedom. Control produces fear, and I think that's inconsistent with can-do thinking. American companies could learn a lot from the continental model, which is much more suited to the can-do mentality. To that extent, we benefit from the best of both worlds, as the European distribution centre for an American company. But we can get even better.' ◀

CAN DO: NOW'S THE TIME

In these times of crisis, can-do thinking is an absolute must for surmounting difficulties, according to supply chain guru David Simchi-Levi, a professor at Massachusetts Institute of Technology (MIT), one of the most prestigious research and technology universities in the world. 'Companies are under enormous pressure, and therefore flexibility, also in the supply chain, is extremely important. But not all companies have flexible supply chains, not by a long shot.'

Simchi-Levi recently researched the differences between European and American supply chains and reached the conclusion that the Americans have more flexible supply chains than the

Europeans. 'Especially since Hurricane Katrina, you've seen American companies focus more on risk management,' the professor says. Simchi-Levi also concluded that European supply chains are lagging behind American ones in terms of developments (e.g., American companies use new technologies more and Europe has traditionally been hampered by a fragmented market full of small carriers), but he sees evidence that Europe is catching up. 'Our research showed that innovations in the area of supply chains can be expected primarily in Eastern Europe. Efficiency is a top priority there. The global economic crisis is causing great uncertainty, but with a can-do mentality, Europe can make great strides.'