



# RAPID TRANSFORMATION AT ONTARIO SYSTEMS



A Case Study by Rapid Transformation LLC

## BACKGROUND:

Ontario Systems is a receivables management software company that was founded in Muncie, Indiana in 1980. Its solutions became major tools for clients in the collections, healthcare, and financial services verticals. In mid-2007, the founders and board of directors of Ontario Systems realized that the company was suffering from issues that could no longer be ignored, ranging from failure to achieve financial goals to a lack of clear strategic direction and poor execution. Faced with these issues, the board and founders evaluated a number of options, ultimately deciding to bring in a CEO capable of leading transformational change.

In June 2008, the search committee found Tony Reisz, who was then serving as President of a Connecticut-based computer software firm. Reisz, a visionary leader with strong interpersonal skills and a proven track record for driving growth and change, began as CEO of Ontario in July.

Reisz immediately undertook a thorough analysis of the company's issues and quickly developed a clear understanding of the problem themes to be addressed. Reisz had previously read [Rapid Transformation: A 90-Day Plan for Fast and Effective Change](#) by Behnam Tabrizi and believed its Rapid Transformation methodology was a good fit for Ontario Systems. In August 2008, Reisz engaged Tabrizi to advise the company through its transformation initiative. Reisz secured approval from the board for the transformation initiative by showing them that, unlike previous re-engineering initiatives at Ontario Systems, the Rapid Transformation methodology was fast, inclusive, and all-encompassing. With the necessary stakeholders engaged, Reisz kicked off the Rapid Transformation initiative in early September 2008.

## RAPID TRANSFORMATION:

Working with Tabrizi, Reisz crafted a specific Rapid Transformation approach that fit the particular needs of Ontario Systems. Reisz's assessment during the Pre-Transformation Phase identified a number of problem themes including: legacy products; a lack of clear accountability; weak information technology; a non-strategic human resource function;

and ineffective product management. Reisz and Tabrizi decided that the cross-functional teams would be aligned by market, with individuals representing key functions on each team. Reisz planned regular team meetings around weekly fifteen-minute presentations, and hour-long presentations every two weeks. Tabrizi participated in all meetings by phone or in person.

Reisz also identified talent transformation as a critical path in the overall process. His first priority was to restructure the leadership team, which was accomplished through the removal of four officers and a realignment of the remaining leadership team to better match responsibilities with individual capabilities. These changes were quickly followed by hiring a new Chief Technology Officer and then a new Vice President of sales.

The Rapid Transformation initiative at Ontario Systems kicked off with a two day meeting attended by Reisz, Tabrizi, the senior leadership team (SLT), and the cross-functional Rapid Response Team members. That meeting set the stage for the transformation effort, allowed the teams to establish the core values for the transformation, and clarified goals and success criteria. It also served to reinforce the urgent need for transformation, leadership's commitment to transformation, and the fact that, while the bar was being raised for everyone in the company, the transformation was also an opportunity for personnel to show their individual strengths.

Early in Phase 1 (Diagnosis) the team members struggled with the challenge of executing both their 'day jobs' and their transformation responsibilities. Reisz maintained a balance of encouragement and positive pressure, and the teams quickly hit their stride. In the end, the teams distilled their diagnosis down to three root causes: First, the product was fundamentally flawed; second, several critical processes and groups within the company lacked accountability and were ineffective; and third, the company's management structure was weak.

As the company embarked on Phase 2 (Envisioning the Future), the teams struggled to find their way from root causes toward effective solutions. The SLT recognized the problem and significantly increased their direct involvement with the teams, but a week of productivity was effectively lost. In order to fill in gaps and complete the Phase on time, tiger teams were formed to assist the core cross-functional teams.

The outcomes of Phase 2 were significant. First, the company discontinued sales of a core product. Second, the company changed its business model from license and maintenance to subscription-based. Third, the company completely overhauled its compensation system, replacing an entitlement system with accountability and performance-based bonuses.

The results of Phase 3 (Paving the Road) were mixed, as the teams struggled to deliver sufficiently detailed and coordinated implementation plans that would have solid financial justifications. Reisz and the SLT stood firm and made the difficult decisions between proposals at the end of Phase 3, despite the frustration and disappointment of teams whose proposals were not selected. The overall success of the Rapid Transformation initiative was demonstrated on December 15, 2008 when the board approved the proposals submitted by Reisz and the SLT. This approval and the go-forward plans were communicated companywide in a Day 91 town hall meeting.

## IMPLEMENTATION AND RESULTS:

Throughout the Rapid Transformation initiative, Reisz recognized that the talent transformation needed to drive deeply into the organization. First, several transformation 'superstars' were given significantly expanded responsibilities as a result of their performance. Second, Ontario Systems terminated many underperforming employees and replaced them with a smaller number of superstars. Finally, the organization was further restructured to increase focus on product management and to add key subject matter expertise. They have achieved the following milestones:

- Product road maps for entering the debt management and healthcare verticals were developed in 45 days versus the typical 12 months. Pursuit of the healthcare market has accelerated.
- The subscription model has been well received by customers and prospects alike and revenue is on plan.
- Significantly higher levels of ownership, accountability and results focus are evident at all levels in the company, driven by the new compensation model.

Reisz summarized the outcome: "Without [Rapid Transformation] we would not survive."