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STANFORD PROFESSOR'S LESSON: CHANGE SHOULD BE RAPID

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Brandon Bailey, Mercury News

Memo: BEHNAM TABRIZI

Age: 47

Birthplace: Tehran, Iran

Position: Professor of management science and engineering, Stanford School of Engineering

Career: Former engineer and sales manager at IBM, consultant for numerous companies, author of four books

Education: Bachelor's degree in computer engineering, University of Kansas; master's degree in electrical and computer engineering, University of Illinois-Urbana; master's degree in engineering management and doctorate in strategy, organizations and technical management, Stanford

Family: Married with 17-year-old daughter

Residence: Palo Alto

FIVE THINGS TO KNOW ABOUT **BEHNAM TABRIZI**

1. He came to the United States as a teenager, shortly after the Iranian revolution.
2. He finished 12th grade at Valley Christian High in San Jose.
3. When he has time, he likes to play soccer with friends on Saturday mornings.
4. He has recently consulted for several companies in China.
5. He keeps a photo of Mother Teresa in his home office, given to him by a man he met while on a business trip to India; the man was her former driver.

Stanford professor **Behnam Tabrizi** was one of several Silicon Valley representatives invited to discuss technology and change with representatives of the Barack Obama campaign shortly before the fall election.

Change is good and faster is better, according to Stanford professor **Behnam Tabrizi**, who spent 10 years studying corporations that have carried out reorganizations big and small.

Tabrizi detailed his findings in a book called "Rapid Transformation, a 90-Day Plan for Fast and Effective Change." He recently moderated a panel discussion at Stanford University where top executives from Hewlett-Packard and Oracle discussed their efforts to change corporate structures and lower their operating costs. And he was one of several Silicon Valley representatives invited to discuss technology and change with representatives of the Barack Obama campaign shortly before the fall election.

Among his conclusions: Effective change requires "fast and ruthless execution." But Tabrizi also recommends creating multidisciplinary teams, comprised of the best employees from all corners of a

company, to evaluate operations and prepare a road map for achieving goals. He says that is less costly than hiring outside consultants, gives employees a stake in the outcome, and helps executives identify talented staff who may have avoided notice before.

The following transcript of a Mercury News interview with Tabrizi was edited for clarity and length.

Q At a recent breakfast forum at Stanford, Oracle President Safra Catz said, "Change should be fast. Slow is fatal." That seems to be a key tenet of your book. Why should change be carried out quickly?

A As organizations grow, they are like organisms. They develop strong antibodies, which are resistant to change. Also, a company may engage in incremental change, but the environment and the market can change much more rapidly. The companies that succeed at transformation -- Apple, HP, Procter & Gamble, IBM -- all of them did the planning cycle really fast and they moved very fast.

The idea is that by changing fast, you're able to beat the cycle of change outside, and you're going to deal with the resistance that often exists inside a company.

Q What's a good example of a company in Silicon Valley that approached transformation in the right way?

A One example is Apple. When Steve Jobs came back to Apple (as CEO in 1997) he made massive, holistic changes very quickly. The company was in trouble and he increased spending on R&D. Most companies basically cut R&D, the first thing they do. He changed the entire company, and that led to the iPod and the iPhone.

There are studies comparing Apple to Sony. Sony was mainly focused on cost cutting. They changed executives quite a bit, but they were really just doing piecemeal, serial changes. They never got back into

the groove of success.

Q When or why should companies embark on a major transformation?

A Executives can use a crisis as a rallying point behind creating a major transformation. But I've also seen executives whose companies are not in a crisis, who look at the data and say, "If we go along with business as usual, eventually we are going to fall off a cliff." They transform the company before they have to.

Look at how quickly the cycle of change occurs in a post-Web world, how quickly that somebody in India or in China can come up with a great idea that can be a potential threat. So to me, every two to three years, if you're not rethinking your assumptions, then you should be asking yourself why. And every company can use transformation to develop their talent and to think about, "Do you have the best people in your organization to help you through a transformation?"

Q Do you think the recession will increase pressure on companies to change?

A Sure. Unfortunately, you see too many companies now that are on the treadmill of one cost-cut after another. This is a time when you want to think long term. The current economic crisis gives companies their best chance to innovate and change. Inventories are getting really low. There is amazing talent available. You can build your infrastructure and get ready to ramp up when the economy changes.

Q But isn't it more difficult when resources are limited and your revenue is down?

A No, it's much easier. Your employees are spending a lot of time worrying about whether they're going to keep their jobs. Every day, they look at the news and they get depressed. So here you are, at basically little cost, you bring your key people together and say, "We

want to redefine and reinvent ourself. Help us out."

No. 1, your key people all of sudden realize they're key. They're now part of the solution. They're learning, they're developing. And while your competitors are just cutting and cutting, you are rethinking all your assumptions.

Q You shared some of your ideas with the Obama campaign as it prepared for a new administration. What do you think of their transition effort?

A They assembled an amazing set of people from very diverse groups. Historians will write that he was one of the most productive presidents during a transition, given the awesome challenges the country is facing. They are working on a lot of issues and a lot of it is uncharted territory, but I think the transition helped them get a lot of their thinking together.