CEO POINT OF VIEW QUARTERLY q3

Thinking Dimensions Global

QUARTERLY

CEO P.O.V.

Seize Control of Your Business Performance:

The path to simple process management

SEIZE CONTROL OF YOUR BUSINESS PERFORMANCE

THE PATH TO SIMPLE PERFORMANCE MANAGEMENT

POV of article: Process improvement projects add value if the application method is simple to apply, contributes to the growth/profitability of key products offered and markets served, and results can be managed and sustained over time.

SAY the phrase "process improvement" and watch the eyes of a CEO roll back in their head. They recoil from conversations about the touted virtues of process improvement methods like Six Sigma, Lean Manufacturing or Business Process Re-engineering as they are inclined, and rightfully so, to talk about the results they want, not the methods to achieve them. In this POV executive summary, Thinking Dimensions (TD) examines the "CEO's perspective" of process improvement, namely – processes that are effectively designed, flawlessly executed, and controlled to deliver sustained results.

Move beyond just fixing processes to managing performance and attain the return-on-investment (ROI) of process improvement projects.

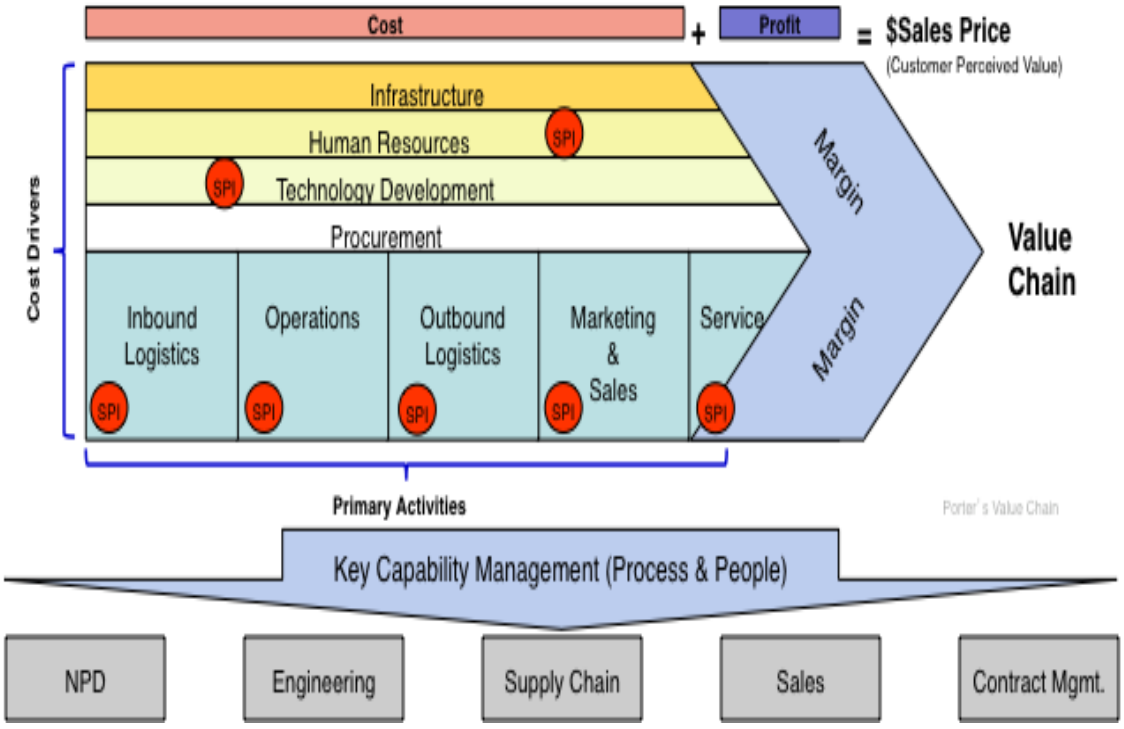
Structuring Improvement Projects

CEOs understand that improving processes advance business goals, but they struggle with which key processes to fix, what systematic improvement methodology to apply, and what is the right mix of internal and consulting resources to form the team that will deliver the results. But the first step is the CEO and the executive team having a common understanding and agreement of the company strategy and cost drivers impeding performance. This will focus the executives on the correct process improvement projects to drive competitive advantage and value.

Companies usually have the internal resources (people) to form the cross-functional team of key stakeholders who have a direct, or significant indirect influence, of the area to improve. Leaders must select an improvement method that is simple to understand, can be transferred/learned by internal resources, and delivers the sustained results through a simple DESIGN, EXECUTE and CONTROL structure.

Solution Step 1: Determine which processes drive competitive value to warrant an improvement investment.

Process concerns usually start with growth and profitability discussions. This translates to – What are the cost drivers negatively impacting our performance? Or, what opportunities exist to improve performance value and gain a competitive advantage? In either case, answers reside within the cost/performance elements of the supply chain (value chain).



Note: supply chains should promote the strategic profile of the organization relative to the products offered and markets served. Without a clear business strategy, there is a risk that process improvements projects will not benefit the critical products and markets that drive business growth and profitability.

Use your existing supply chain data to assess your costs and competitiveness. Once cost drivers are determined, ask:

- What processes supporting key supply chain elements, if improved, will benefit performance, competitive advantage, and strategy growth/profitability goals?
- What aspects of the process are to be improved – Quality, Efficiency (cost), Schedule?

Advantages customers receive from working with Thinking Dimensions relative to process improvement: Through our Strategy Implementation approach we ensure process improvements align to the strategic interests that drive competitive advantage.

Start all process improvement projects by knowing:

The strategic value to be attained

The fit they have to your supply chain

The aspect of performance you are improving

Solution Step 2: DESIGN processes to create value and improve costs by eliminating inefficiencies

All business value is created within the framework of a process. Regardless of the improvement methodologies to be applied (Six Sigma, Lean, and Business Process Re-engineering); they all strive to *design* visible, optimal, valued performance. Complex methodologies are simply not necessary 90% of the time. Applying a question-based approach along with pertinent data and the appropriate internal design team is sufficient, less costly and faster to accomplish.

Process value is derived from the "cost, quality, and delivery" outputs as perceived by customers. Customers want a quality product on time. Businesses want to provide the product at the least cost. When these elements are effectively in place, relative to the company's strategic products offered and markets being served, then growth and profitability can be maximized and competitive advantage attained.

Therefore, the process improvement methodology being applied must ensure all designed process activities are:

1) Value-Added (necessary action)
2) Redundancy Free (unnecessary tasks)
3) Continuously Flowing (smooth hand offs, no bottlenecks)
4) Performed in Parallel (where possible to reduce cost, cycle-time)

The assembled cross-functional stakeholder (team) – supplier, performer, or customer – knows the strengths and weaknesses of the value created (or not created) in a process. They have a vested interest and knowledge in improving process results/outputs.

Solution Step 3: EXECUTE the newly designed process so people performance is linked to the desired results

People create value through the process activities they perform. Many process improvement methodologies/projects neglect to change the behaviour of those performing the work in relation to the new workflow. People are creatures of habit, and change is not necessarily accepted. If performers do not adhere to the new process activities as designed, the desired results are not attained and management correctly perceives the improvement investment as a waste. Aligning people/process performance is essential, but not always done.

Three factors will ensure people adhere to the new process activities:

1) Clarify the Roles and Responsibilities of all performers
2) Link people's performance reviews to results of the process
3) Dedicate management focus to the implementation

Thinking Dimensions takes a unique position in the industry to bring visibility and focus on the people and process link. Through our proprietary products to design and implement process improvement projects, we deliver the results CEOs expect from process capability investments – growth and profitability.

Effective execution of a newly design process requires:

Clear Performer Roles and Responsibilities

Holding People Accountable

Management Implementation Focus

Solution Step 4: Manage and sustain results through data

What would tell you that the process improvement investment delivered the desired results?

Feedback from your Supply Chain (value chain) KPIs relative to cost, quality or schedule performance. Remember, process improvements should be applied to those key process areas that are linked to your critical products and markets. Ensure a direct linkage from your KPIs down to the process metrics that contribute to that KPI calculation.

What would tell you if the results are being sustained?

Consistent data trends overtime. Company data is often poorly organized to intuitively and quickly assess performance over time and/or there is data overload that is confusing. Data displayed in complicated matrixes or tables is hard for management to assess. Data should be displayed in "trends over time" so the decision maker can see results and initiate the appropriate inquiry.

How do you manage future performance results?

Use the trend data linked from Supply Chain KPIs down to the process metric data to manage business processes. For example, if you noticed a negative trend in your Technology Development KPI you can determine what processes are providing the upward linkage that calculates this KPI's performance. Then assess the appropriate process metrics to see which one(s) are trending negatively.

Now you know what specific process or processes are contributing to the negative performance and where to start your corrective action.

Data linked to the processes creating value expedites the targeted resolution. By using data, you are managing process performance and sustaining results.

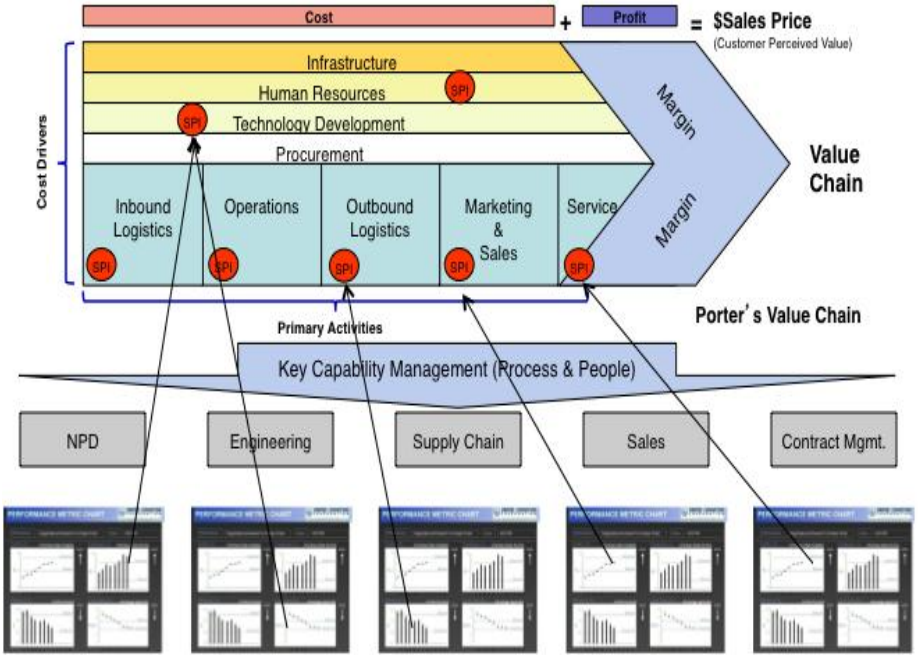
The key process metrics linked to Supply Chain KPIs include:

Quality

Efficiency (cost)

Timeliness (schedule & delivery)

Cycle Time (cost)



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Thinking Dimensions is a global consultancy that assists clients in resolving strategic and operational issues.

We bring proven decision making methodologies to assist clients battling growth, cost, and security challenges. Our process- driven **KEPNERandFOURIE™** thinking technologies guide the development of effective corporate strategies, operational improvements, and ITRCA solutions. Our entire client solutions recognize decision making is the foundation of performance.

Thinking Dimensions is led by Drs. Charles Kepner and Mat-thys Fourie who have over 60 years of combined thought leadership in process consulting. Today, TD Partner and Associates in over 20 countries throughout the ASIA-PACIFIC, EMEA and AMERICAS regions deliver expedited results on pressing business issues.