

CEO's Business Mastery Model

*Celebrating 20 Years
1991-2011*



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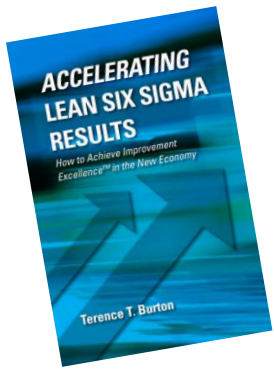


Introduction

CEO developed the Business Mastery Model to help executives and organizations step back and realize the larger objectives and purpose of Lean Six Sigma and strategic improvement in general. One of the best practices of improvement is to revisit the objectives, purpose, and other basics of what organizations must improve within the business, independent of the improvement jargon. This leads organizations down a preferred improvement path where the business objectives define specific improvement initiatives, and drive the deployment of the right improvement methodologies and tools to the highest impact opportunities.

As the model points out, strategic improvement is about evolving key business components that are universal in most organizations to breakthrough levels of superior performance. Regardless of what executives think, there are more similarities than differences across different industries. These business mastery components are universal across many industries including manufacturing, financial services, healthcare, and other segments. Unfortunately, they are not practiced in government and other public industry sectors where improvement is needed the most.

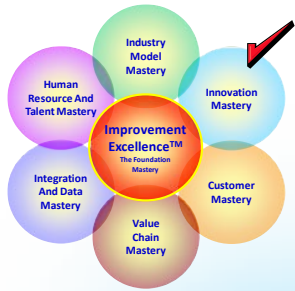
The idea behind the business mastery model was to step back and detach organizations from the buzzword mania and fascination with the improvement tools, or hang-ups about being different. Too often, organizations have begun their improvement journeys with massive training on improvement jargon and tools followed by forced application of the tools to a particular situation or issue. The traditional mass training approaches of the past three decades has developed improvement talent incorrectly, and there is usually a false hope of improvement via people running around the organization with a bag of tools looking for a problem to use them on. Rather than focusing on applying improvement tools, the model provides the opportunity for organizations to view the facts and purpose of improvement in more practical and realistic business terms.



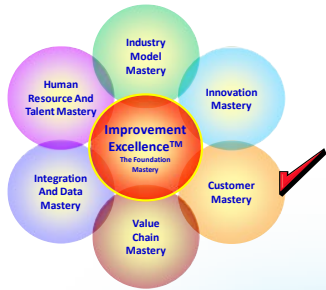
CEO's Business Mastery Model



Industry Model mastery – All industries have their accepted business norms and practices. These industry models are sometimes used to justify how the entire industry handles certain business issues such as returns policies, dealer and distributor practices, lead-time expectations, warranty and customer service policies, and many other factors. Global competitiveness is forcing organizations to question aspects of their industry models and reinvent new value propositions for customer and market needs. One trend is value or solution creation, which involves the delivery of the entire enterprise’s capabilities (e.g., product quality and reliability, flexibility to shifts in supply and demand, design support, global sourcing and delivery, collaboration, etc.). The objective of industry model mastery is to uncover the unspoken and unknown market needs and differentiate performance and capabilities from what the rest of the industry is doing. Examples of this include the availability of Apple iPhone software applications, healthcare institutions shifting focus to prevention and wellness, additional services provided by upscale automobile dealers such as breakfast, a wash, a free rental, pizza, and a play area for children, and the Harley Davidson ultimate freedom lifestyle experience described in Chapter 10. One bit of advice here is seek help in looking outside of the box and outside of current industry model practices; As we have mentioned previously, the same people, same thinking, same process equals same results.



Innovation mastery – This is the combining of *innovation* and *process*, which sounds like an oxymoronic endeavor. Process conjures boundaries, structure, and controls, while innovation is best fostered in unfettered surroundings. The objective of this mastery component is to identify innovative, best practices improvement opportunities that wow the marketplace and provide a competitive advantage. Today, organizations are managing inputs on a global scale across every boundary one can imagine—across engineering disciplines and in concert with all the other business disciplines in multiple countries. The challenge is to manage information better and to provide the right information to more people in a more usable form. That requires more than being adept at using computers, Blackberrys, the Internet, and other InfoTech tools. It requires exceptional discipline and teamwork across the entire extended enterprise, integrating suppliers and customers into the total value chain. Innovation mastery is setting the bar and building best practices that are unique and extremely difficult to replicate over time. Innovation mastery is a team sport that is dependent on a culture of information exchange, knowledge sharing, and openness. It takes people working together across different groups, disciplines, and organizational lines to make it happen. It also takes real leadership in charting the course and inspiring people to reach for the highest level of performance, supported by a never-ending focus on integrity. Innovation mastery is *the innovation of innovation*—where organizations move away from the thought of innovation for innovation’s sake and replace it with a highly deliberate and disciplined focus on customer-inspired innovation.



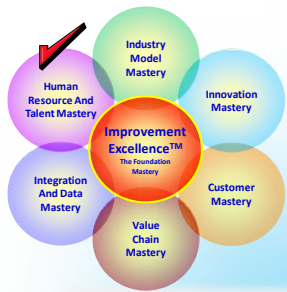
Customer mastery – This business component relates to the organization’s ability to identify known and unknown market needs, and then translate those needs into innovative product and service offerings. In effect, it is the creation of new value propositions that exceed the offerings and value of competitors. The other side of innovation mastery is product lifecycle management and product rationalization. Apple is one of the most popular examples with its iPod, iPhone, and iPad technology and its new line of user-friendly Mac personal computers. Most organizations have a significant opportunity to improve their business by focusing on new product identification and introduction, new product development, and customer or product rationalization. The key to success lies in unlocking innovation and thinking beyond the box. Organizations also recognize that they are not in a *one-size-fits-all* business, and they manage different customer and product segments in different ways to optimize growth and profitability.



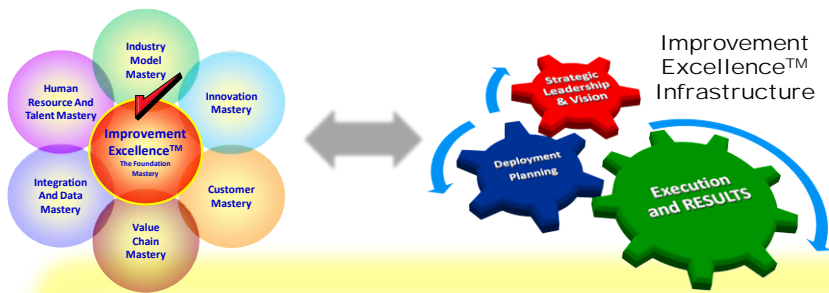
Value Chain mastery – This mastery component deals with achieving flexibility, responsiveness, synchronization, and instantaneous response and adjustment across the total supply chain. Globalization and outsourcing has achieved incremental revenue and cost reduction benefits for organizations, but at the same time, it has removed flexibility and responsiveness. Value chain mastery is about creating supply chain superiority from forecasting and supply-demand management to continuous pipeline flow and rapid reflex execution. A valuable reference for value chain mastery is the supply chain operations reference (SCOR) model, which provides a familiar plan-source-make-deliver-return framework of supply chain excellence. Value chain mastery incorporates the enabling strategy, planning and execution processes, information, technology, inventory management and logistics, capital assets, transportation, and other management best practices, and the right event-driven metrics. The supply chain provides extensive opportunities for revenue growth, improved profitability, and superior competitiveness. Organizations such as Dell, Nokia, Proctor and Gamble, IBM, Wal-Mart, Anheuser-Busch, Coca-Cola, Best Buy, and many others are the poster children of value chain mastery.



Integration and Data mastery – Executives are making critical business decisions every day based on the information available to them. This information can come from a variety of sources including data from the formal business architecture, kluge Excel spreadsheets and Access data bases, opinions from peers and colleagues, unsubstantiated e-mail, voice mails and telephone calls from around the world, a personal sense of intuition or business judgment, or other internal or external data sources. The problem in most organizations is that despite the millions in IT investment, there are still too many versions of the facts, a lack of the facts, or too much manual effort to search for the facts. Off the record, most executives will admit to making important decisions on the basis of inadequate information. This suggests that problems in decision-making are arising in the quality, volume, consistency, and timeliness of information. What is needed is a believable 360-degree view of their enterprise from an integrated enterprise architecture. This includes the right event driven metrics that enable people in organizations to sense-interpret-decide-act-monitor (SIDAM) their end-to-end business processes in real time. Real-time visibility provides not only a means to verify and justify results, but also full confidence that small and midsize companies are leveraging consistency, accuracy, and timeliness via a single data source to make better, faster decisions.



Human Resource and Talent mastery – Prior to the meltdown, improvement and people development initiatives were rolled out through more of a batch train-the-masses approach. These hit or miss, throw it up on the ceiling and see if it sticks approaches require too much effort, overhead, and time—in fact, more than the new economy is willing to permit if organizations wish to reclaim their competitive momentum. Now, human resource and talent mastery has become a global challenge with global implications. A more continuous and targeted talent development and talent management process is needed in the new economy. Best organizations believe in the importance of human capital and acquire, develop, and grow their organizational talent continuously through good times and bad times. These organizations build a strong culture that embraces improvement and change and allows for issues and challenges to be accepted as thinkable and doable challenges, not as insurmountable disasters. This is the exception to how most organizations reacted to the recent meltdown. This mastery component deals with developing a best-in-class workforce made up of the most loyal and talented people. Predictions about the workforce in this new economy estimate that as the demand for talent escalates, the supply will spiral downward, culminating in a corporate war for talent. To win the war, organizations will need to be skilled at hiring and promoting people, and even more importantly, as well as able to keep others from stealing away their talent. In today’s economy, baby boomers with significant business experience are beginning to retire quickly. The emerging workforce is much different demographically from the past, and organizations are faced with enormous challenges in backfilling positions and succession planning. The success of organizations rests on the speed at which they can transform their people into flexible, multiskilled and multidisciplined people. The real objective is to build organizational models where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together as a winning team.

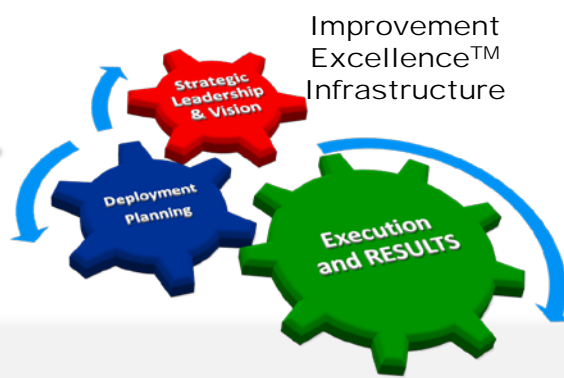


Improvement Excellence™—The Foundation of Business Mastery

At the heart of the business mastery model is Improvement Excellence™, the foundation mastery. The only way to transcend the present state into a more desirable and profitable state is through well-designed, planned, and executed improvement. The heart is a deliberate analogy because like the human body, we cannot function physically, emotionally, or passionately without a heart. Improvement Excellence™ is the deliberate infrastructure that drives superior performance across all components of the model. However, it is the outer ring of components in the model that shape and determine the details of Strategic Leadership and Vision in the Improvement Excellence™ infrastructure.

There is a critical law about strategic improvement that is experienced by only the most committed professionals. The things that matter most about strategic improvement are the things one learns after they think they know it all. Organizations that underestimate or oversimplify the mission, choose focus on generic education and the tools, or go through the motions are stuck in their own Achilles' heel of improvement. People in these organizations who think they know how to improve and then hang around pontificating to each other are often the largest obstacles of improvement. Many of these organizations have little to show for their illusive expertise in knowing how to improve.

There is a very simple test for knowing how to improve: Demonstrated results. . . from a proven track record of planning, deploying, implementing, and sustaining improvement successfully. Organizations that truly know how to improve, are improving with a formal improvement initiative and achieving breakthrough and sustainable results. Additionally, their demonstrated results are proportional to how much they truly know about how to improve. Improvement Excellence™ and *improving how we improve* is an evolving core competency that produces strategic value.



Summary

As the Business Mastery Model points out, the prerequisites of successful improvement initiatives includes the Strategic Leadership and Vision infrastructure of Improvement Excellence™. The process of working through the model helps to identify the following basics:

- Recognition of the need to change and improve competitiveness;
- A shared vision and purpose of improvement in each of the mastery model areas;
- Understanding of the gaps between current, and desired (needed) performance in targeted strategic areas;
- An improvement strategy, goals and objectives, and implementation approach backed by facts;
- A solid talent development and education plan for injecting the necessary skills into the organization;
- Baseline performance and a time-phased plan for targeted benefits;
- Rationalization and integration of strategic improvement plans into the business plan;
- A strong and cohesive commitment within executive leadership team to move “fast-forward.”

Organizations waste a lot of time and resources with their business improvement initiatives (Kaizen, Lean, Six Sigma, IT, etc.) and wonder why their efforts produce results far below expectations. It is highly unlikely for organizations to be successful with strategic and sustainable improvement and culture change by beginning their journey with a focus on boilerplate mass education on the improvement tools themselves. The Business Mastery Model provides a valuable opportunity for executives to step back and view the facts and purpose of strategic improvement in a more practical way, with a focus on their specific business needs and priorities.



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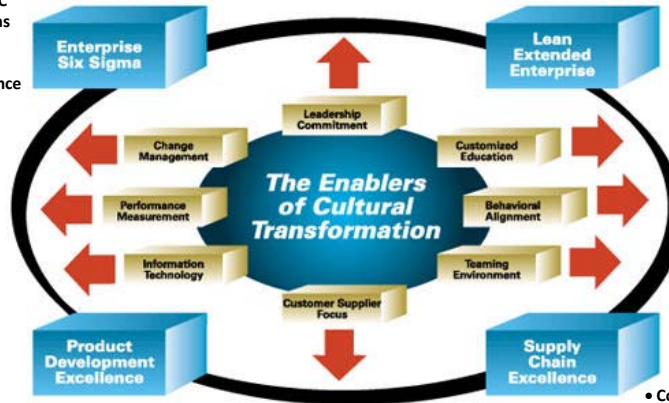
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The Center for Excellence in Operations, Inc. (CEO) is a leading global operations management consulting firm specializing in *Improvement Excellence™* - *The mastery of developing and implementing successful strategic and continuous business improvement initiatives, transforming culture, and enabling organizations to improve how they improve.* Improvement Excellence is the fusion of all improvement methodologies such as Kaizen, Lean, Six Sigma, Product Development Excellence, Supply Chain Management, Education and Change Management, and integration of Enabling Technologies.

CEO's focus is practical "hands-on" implementation followed by tangible breakthroughs in business performance. We differentiate ourselves through our *roll-up-the-sleeves, make-it-happen* approach, and our consistent unmatched financial results with clients. CEO strives to achieve benefits with our clients in excess of at least 10 times our fees. This is not a guarantee: however it is a recurring result with our clients that comes from the aggressive goals we establish together up-front, and the tough work of implementation that we share until we achieve breakthroughs in business performance. In our twenty years of existence, we have accumulated over \$1 billion in documented savings for our clients.

Professional Management Consulting Services

- 6σ Strategy and Deployment Planning
- Black Belt and Green Belt Certification
- Transactional Six Sigma
- Process Capability (Cpk) and SPC
- Gauge R&R, FMEA, Control Plans
- Kaizen, Poka-Yoke Practices
- Supplier Quality
- Cost of Quality/Non-Conformance



- Lean Enterprise Strategy
- Mixed Mode, Small Lot Production
- Mass Customization
- Pull Systems and Kanban
- Job Shop Load Centers
- Collaborative Scheduling Processes
- Cycle Time Reduction
- Work Cell Design and 5S Practices
- Set-Up Reduction and Quick Changeover
- Visual, Event-Driven Metrics

- Concept Engineering and QFD
- New Product Strategy and Planning
- Platform and Portfolio Planning
- New Product Risk Assessment
- Structured Stage/Gate Processes
- Design for 6σ (DFSS) Methodologies
- Program, Project, and Cost Management
- Automation Tools (CAD/CAM, modeling, KMS)

- Collaborative Forecasting and Planning
- Sales Inventory Operations Planning (SIOP)
- Push, Pull, and Push-Pull Systems
- Value Chain Synchronization Strategies
- Lean Extended Enterprise and Enabling IT
- Lean Supply and Continuous Replenishment
- Vendor Managed Inventory (VMI) Systems
- Supplier Partnering and Development
- 6σ Velocity/Flexibility Improvement

Our engagements reach far beyond the improvement tools themselves. CEO's expertise is Implementation: We integrate the key infrastructural elements of Creative Leadership, Improvement Strategy and Vision, Deployment Planning, Customized Education and Development, Execution Best Practices, Performance Management, and Sustainable Continuous Improvement and Cultural Change. Our clients reach Benchmark performance in their mission critical business initiatives such as strategic improvement, time to market, robust design quality and reliability, sales and operations planning, and supply chain performance. Our clients also achieve a velocity, magnitude, and upward direction in improvement, financial results, and culture change unmatched by global competitors and other organizations. CEO understands how to navigate our clients through the obstacles of success and achieve Improvement Excellence: A state of real benefits beyond what was thought to be possible, and a culture to continue the journey of *improving how we improve* to even higher levels of excellence and performance.