



Breakthrough!

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SPECIAL REPORT

Creating
Business
Excellence...
Improving
Global
Competitiveness

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WORLD HEADQUARTERS:

Terence T. Burton
Global Managing Director
10 Chardonay Terrace
Bedford, New Hampshire 03110
(603) 471-0300
burton@ceobreakthrough.com

EUROPEAN CONSULTING CENTER:

Dr. Helmut G. Falser
Europe Practice Director
Tizianstrasse 104
D-80638 Munchen Germany
D: +49 172 824 6401
A: +43 676 721 3008
falser@ceobreakthrough.com

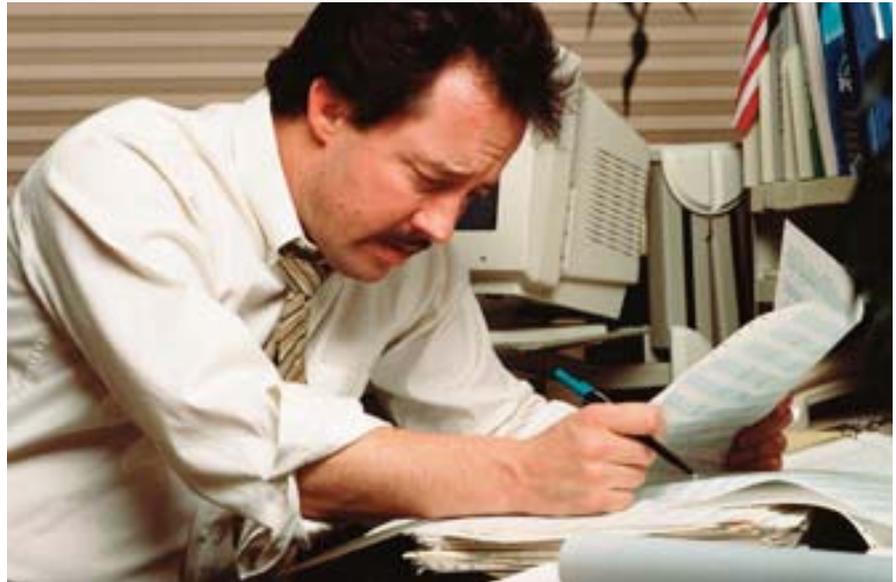
The Center for Excellence in Operations, Inc. (CEO) is a leading global operations management consulting firm specializing in Lean, Six Sigma, Supply Chain Management, and Accelerated New Product Development.

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Turbulent Economy Survival Kit

By Terence T. Burton, President
The Center for Excellence in Operations, Inc. (CEO)
Bedford, NH and Munich, Germany

Like everyone else, we at CEO have been thinking a lot about our turbulent economy. Despite Administration changes, political promises, and bailout plans no one really knows where this economic meltdown will lead us, when it will end, or what conditions our organizations and retirement accounts will be in by the time we achieve some normalcy in the economy. I'm convinced that none of these people have the answers to all of our organizations' specific business challenges, and we at CEO are moving forward with new, creative ideas to improve our offerings and competitive position to our clients. One thing is for certain: Sticking steadfastly on how you currently operate your business is a prescription for disaster. If you are watching your revenue and profits fall, while waiting patiently and hopefully for the economy to turn around, it is time to step up and rethink your business model. *The things that got us here will not get us through this turbulent economy.* Business improvement in a down cycle requires a different focus and approach.



Globalization has brought with it a myriad of business challenges, socio-political problems, and an unending list of other uncertainties that require us to be much more conscious of what is happening and run in fast-forward mode. We are all on this tread-

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mill of survival. If you are not improving your business every day, then some other competitor is and your organization is falling behind. Like it or not, this is the World we live in. Business improvement through such strategic initiatives as Kaizen, Lean, and Six Sigma are now needed more than ever before. Even if your organization is currently involved in these initiatives, it's time to take a closer look at efforts versus results. In this economy, organizations cannot afford political improvement debacles and fad improvement activities with questionable benefits. Only enhanced creativity and innovation in our improvement efforts will relieve the pain points in our businesses.

In this economy, a well structured and executed improvement initiative that integrates all improvement tools (e.g., Kaizen or Quick-Strikes, Lean, and Six Sigma), and that is selectively deployed to the highest impact opportunities create a rapid, winning strategy. However, many organizations' are too slow to reset and leverage their business improvement course for more rapid results. The remainder of this article provides a roadmap for "improving how you improve" in our turbulent economy. Many of our clients have reset their improvement courses and are achieving great successes.

First, Recognize the Organization's Limitations

To survive in today's turbulent economy organizations must rise to the challenges of their particular business environments, customers, suppliers, and competitors and reinvent themselves with more creative leadership and intelligent thinking at the moment of opportunity. Yet most organizations actually exhibit less responsiveness and urgency because of a

few common factors:

- **Leadership.** It's always easy to blame leadership. However, many executive teams struggle when it comes to anticipating changes, defining and laying out the right corrective actions clearly for the organization, empowering and engaging people to lead and participate in change, and finally "cutting-to-the-chase" and getting the right things accomplished rapidly. The worst thing a leadership team can do is make their organization feel paralyzed, intimidated, and helpless by what is happening around them.
- **Planning and Scanning.** In many cases, organizations find out about their operating problems after they have occurred or when a disturbing call is received by their Customer Service department. This is a sure way to lose customer credibility and miss out on significant internal improvement opportunities.
- **Infrastructure Controls.** This economy is perpetuating several bad effects on organizations, their people, and their culture. Although leaders act with the best of intentions when trying to control costs, their actions and behaviors are also sending very strong mixed messages to promote the status-quo, avoid risk, ignore teaming and empowerment, and lessen the importance of strategic improvement initiatives such as Lean and Six Sigma to some other crisis of the moment.
- **Staffing.** Many organizations are full of industry-bred employees and managers that operate on an expected company and industry model. If left too long in their daily jobs, people develop a sense of myopic thinking. They become very procedural and locked in their routines, and lose any ability to be creative. When involved in the recruiting process, these people attract candidates similar to themselves. I recall an executive

meeting a few years back when the CEO commented, "There is over 100 years of experience in our industry around this table. Why do you think your organization can help us?" I was caught off guard and quickly replied, "If that was the prescription for success, we wouldn't be here having this meeting to discuss all of your operational problems. What you need is injections of new thinking, skills, and experiences from outside your industry." I expected to get the boot, but after the initial emotions settled, we were awarded the contract.

- **Investment Expectations.** In this economy, organizations must be much more selective in how they invest in their futures. This may mean choosing a soft investment (i.e., an outside firm that focuses on improving operations and reducing costs) over a new piece of equipment, or pulling the plug on some questionable new product plans.

Business Excellence: An Important Part of the Survival Kit

Up to this point we have used the term "business improvement." A better choice of words is "Business Excellence" because it inherently means a never ending pursuit of perfection. When we use the term Business Excellence we are referring to the fusion of Kaizen, Lean, Six Sigma, IT, and Cultural Transformation. Beyond the improvement tools, we integrate the key enablers of Cultural Transformation: Leadership, Customer Focus, Change Management, Information Technology, Performance Management, Teaming and Empowerment, Customized Education, and Behavioral Alignment. We are also talking about a selectively planned and well orchestrated deployment. Finally we are talking about highly focused successes, one project at a time – Where failure is not an option. Exhibit I provides an overview of

Business Excellence.

For a specific example, one of our clients started their Business Excellence journey in early 2007 and has already achieved over \$15 million in savings. Beyond the financial benefits, this is a totally different organization in terms of leadership, employee engagement, and culture. The strategies and selective deployment actions of Kaizen, Lean, and Six Sigma have worked extremely well for this company. Ask yourself, “How much revenue would be needed to add

\$15 million to the bottom line. Do you understand the need and the power of Business Excellence in this economy yet?

Business Excellence

Figure 1 – Business Excellence Overview

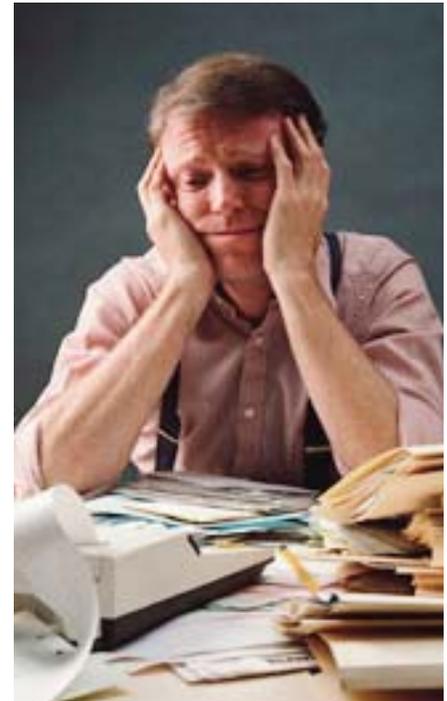
In this economy there is probably nothing with a higher ROI than a well structured, well executed Business Excellence initiative. When people work on strategically important improvement efforts, it makes them feel important. Business Excellence provides an escape from worrying about what they can't control. Business Excellence enriches team members by allowing them to think beyond their own responsibilities and

beyond the box (By the way we like the term “beyond-the-box” vs. “out-of-the-box” because many of the things in the box are good). Improvement allows all employees, young or old, from various functional areas and backgrounds -To pursue common interests and become energized from each other. Improvement facilitates the values of dignity, respect, trust, collaboration, and a shared commitment of success.

I Am The Leader: What Should I Do?

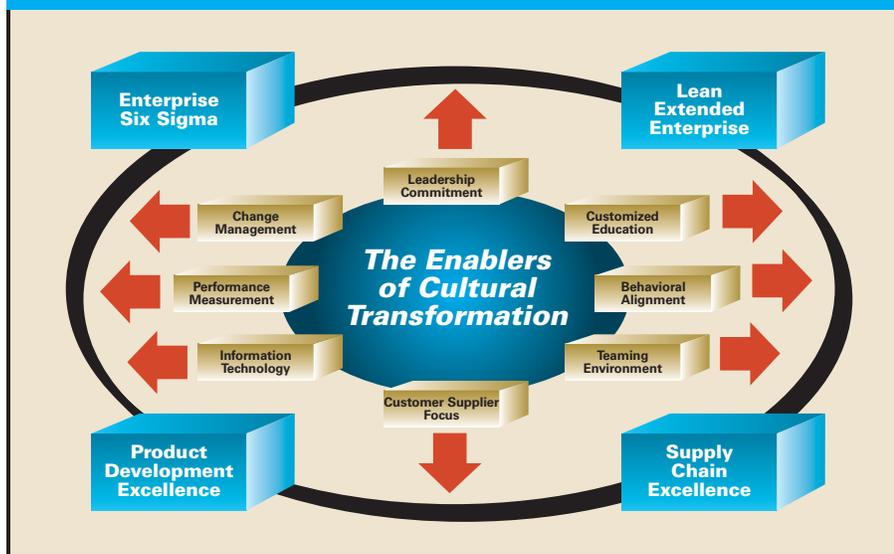
This economy has brought with it a wide spectrum of competitive challenges. It is impossible of late to have a conversation with co-workers, family, and friends, or even strangers at the airport without mentioning or dwelling on our turbulent economy. We are all in the same boat, personally and professionally. If the answers were easy, we wouldn't be talking about the gloom and doom we see on the news every night.

Despite all the bad news that surrounds all of us about the economy, there are several actions that we can pursue to make things better. Here are a few suggestions:



1. **Lead Like You Have Never Lead Before.** The turbulent economy is a new day, and Peter Drucker and others can't write the prescriptions fast enough. Creative, intelligent visionary leadership is the new norm. We are not insinuating that leaders are not creative or intelligent. This statement means real time recognition of changes, organizational needs, and instant but consistent response to the organization. CEOs can no longer afford to be involved in the details of new product development or a particular customer order. That's what we pay other executives and managers to do. The CEO must spend more time as the visionary for the organization. Intelligent, proactive leaders are literally all over this and focused on what the organization needs to do better. They are creative visionaries, they encourage their organizations to raise the bar every day, they hold people accountable for breakthrough results, and they celebrate the successes. One of my favorite executives praises his teams for their successes and always ends with statements like “How good

Figure 1. Business Excellence Overview



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do you think we can get?” or “What are you going to do next?” He also translates their efforts into the specifics of how they have improved the business.

2. **Establish a Rapid Deployment Business Excellence Initiative.**

Forget the buzzwords of Kaizen, Lean, and Six Sigma. Fact is, all organizations can and must improve significantly to survive this economy. A formalized, effectively lead, selectively deployed, and well executed improvement initiative will take some of the pain of the economy away. Think about our current economy as the new norm. How will your organization rise to the leader in your markets? This will certainly promote more rapid, beyond-the-box thinking.

3. **Improve How Your Organization Plans and Scans the Environment.**

Another area where organizations must improve is in monitoring their internal and external environments more effectively, mining out opportunities that predict and prevent issues that can dramatically impact the business. Rather than waiting for bad news, great organizations constantly scan external expectations, benchmark great organizations, and define improvement needs ahead of customer and market needs. Organizations that do this well have a hopper of queued-up improvement ideas ready to be assigned.

4. **Use More Data and Fact-Driven Discretion on Controls.**

Today, most employees have their heads down, waiting to see what else is going to happen. Bottom line - This is a great time for everyone to be out of the foxholes, squeezing every improvement imaginable out of the organization. I'm talking about the non-people assets and the mountains of hidden waste in most organizations

that add zero value to the customer. For many organizations, this is millions of dollars, but they are too busy trying to control the pennies and nickels to the nth degree!

In terms of investment, organizations need, and deserve rapid ROIs on your investments, whether it is a new machine or a Six Sigma deployment. Make sure your organization prioritizes limited opportunities to invest and conducts a super-tough due diligence to ensure a rapid payback. Otherwise investments with a longer term payback may lock the organization into a particular course of action. Great organizations are much more discretionary and targeted on their investment (internal and external) and control efforts.

5. **Hire for Flexibility and Value-Add.**

Two key aspects of staffing in this economy is to hire outside of your industry, and to keep an open mind in the selective use of the right outside resources. The best time to deploy the structure, methodologies, and improvement tools of Business Excellence is NOW, but it is amazing how improvement resources are one of the first casualties in the belt tightening efforts. Executives panic themselves and others around them into a paralysis frenzy, and their actions become a self-fulfilling prophecy with respect to Business Excellence. They selectively cut back on the very people who can save the day, because there are no funds in the budget for improvement! Some of the “across-the board” halts on spending lock out many of the very external professional resources who could add more value in this economy than dozens or even a hundred of your own internal employees.

CEO's clients achieve a demonstrated ROI equal to 10X-30X of our fees within the first 12-18 months. It's unrealistic to expect that from internal resources in this

economy. One executive we know is holding his organization accountable for achieving millions of savings from Lean and Six Sigma (They have not started an official effort yet), and at the same time places a freeze on all outside resources. This “Go figure it out” leadership frustrates the hell out of people who genuinely understand the magnitude of what needs to be done and want to accomplish their objectives.

Bad times are creative times. Great things happen in a bad economy. Great opportunities emerge in a bad economy. Although most of us are uneasy with our present economy, it forces us to rethink and try things we might have never dreamed possible. It forces us to push the limits of our thinking and achieve successes beyond what we thought were impossible. Enhancing value during a down cycle provides warp speed on the back side once the economy begins to accelerate. Organizations that do this successfully will become the emerging industry leaders at the other end of this turbulent economy.

This economy has certainly created more innovative service delivery strategies in our firm, particularly in the area of ROIs for our clients. We are now delivering a “**Rapid Deployment Improvement™**” offering. This uses the tools of Kaizen, Lean, and Six Sigma and strives for rapid benefits in a 60-90 day time-frame, however, it excludes the activities of Lean/Six Sigma certification in our previous, larger scale deployments. In today's economy be selective. Go for the high impact, rapid successes that are low risk improvements. Remember that 99% of improvements are no/low risk because the risk of doing nothing in this economy is much higher.

There is no room for complacency or waiting for things to change in today's turbulent economy. Fact is, the economy beyond this current meltdown will have much higher customer and market expectations. Many organizations have much

more control over their specific business challenges than they think. Leading organizations “knuckle down” and use this time to search for and eliminate the hidden, non-people wastes in their processes. They take a more aggressive approach with their Business Excellence deployment because they see it as the key enabler to reduce costs, improve competitiveness, or accelerate growth.

It’s time for all organizations to rethink how they have been managing themselves through this turbulent economy, stop the insanity of conflicting short-sighted actions, and reset their improvement strategies for their own prosperity and success. The choice is simple: Either organizations must step up and pursue Business Excellence as a competitive strategy, or sit around in “*Ain’t it awful*” mode and become victims of a competitor’s Business Excellence successes. **CEO**



Terence T. Burton, *President*

Terence T. Burton is President of The Center for Excellence in Operations, Inc. (CEO), a management consulting firm located in Bedford, New Hampshire and Munich, Germany. For additional information about our Firm or our Rapid Deployment Improvement™ offering, visit our website at www.ceobreakthrough.com or contact the author directly at burton@ceobreakthrough.com

Rapid Deployment Improvement™

Background

In today’s turbulent economy many organizations find themselves in a Catch 22. Budgets for business improvement activities have been cut, particularly for the use of outside resources. However, the need to improve most businesses is higher than ever before, and many organizations do not have the skills and capabilities internally to improve fast enough to make a difference in this economy. Many who claim to be using Lean and Six Sigma have literally stalled out in terms of real bottom-line benefits.

Rapid Deployment Improvement™ (RDI™)

Rapid Deployment Improvement is CEO’s offering to clients interested in quick payback improvement. Collectively we structure an improvement effort(s) and strive for rapid benefits in a 60-90 day time-frame, Rapid Deployment Improvement is a “roll-up-the-sleeves, just-do-it” effort. This new offering uses the Define-Measure-Analyze-Improve-Control (DMAIC) process and the tools of Kaizen, Lean, and Six Sigma. However, CEO has excluded the activities of Lean/Six Sigma certification in our typical, larger scale Business Excellence deployments. RDI™s can be performed within a client’s business, in collaboration with a supplier, or in a group of companies who share costs and knowledge. CEO’s objective is to achieve a positive and significant ROI within 60-90 days.

How RDI™ Works

During the first few days CEO conducts focused interviews and an expedited walk-thru of your operations. During



this time we also review available financial data and other performance reports. At the conclusion of this step we meet with your executive team to review company-wide improvement opportunities and down-select one to three strategically important projects. Below is a description of the remaining RDI tasks:

- **DEFINE** – Agree on projects, problem statements, objectives and scope, improvement goals, savings targets and timelines, and select the executive sponsor and process owner;
- **MEASURE** – Establish baseline performance, select and organize the internal team(s), deliver focused education on DMAIC & RDI, develop the project Gantt chart, conduct initial fact finding and analysis, and redefine/rescope the project as necessary;
- **ANALYZE** – Conduct detailed analysis of the process and root

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causes of performance issues, defects, waste, cycle time, cost, and other critical factors;

■ **IMPROVE** – Develop recommendations for improvement and an implementation plan, establish education, new procedural needs, address any barriers to success, and begin implementing improvements;

■ **CONTROL** – Continue implementing improvements, monitor performance to ensure that the changes are actually improving the process, put the necessary metrics and controls in place to sustain improvements, hand responsibilities over to the process owner, and dismantle the team (and re-engage resources on the next improvement opportunities).

During these RDI™ projects, we recommend a short weekly review meeting with the executive team and the team leaders. This keeps the visibility and expectations at a peak level. Team leaders are encouraged to interact with their executive sponsors and process owners as questions, clarification, and barriers arise.

CEO provides the technical expertise on Kaizen, Lean, Six Sigma, project management and mentoring. CEO also has extensive experiences in a variety of operations and industry environments, and deep knowledge of key business processes and typical performance issues. In most cases we see the same or similar issues from client to client, and can leverage our experiences to your organization and teams with rapid, repeatable successes.

RDI™ Summary

RDI™ is a proven methodology for gaining quick benefits from your improvement efforts. Unlike the pure Kaizen approach, RDI™ focuses on a select few of the highest impact opportunities, whether they are Kaizen, Lean, or Six Sigma-type projects. CEO provided the leadership, technical skills, and business expertise to implement these improvements as soon as possible.

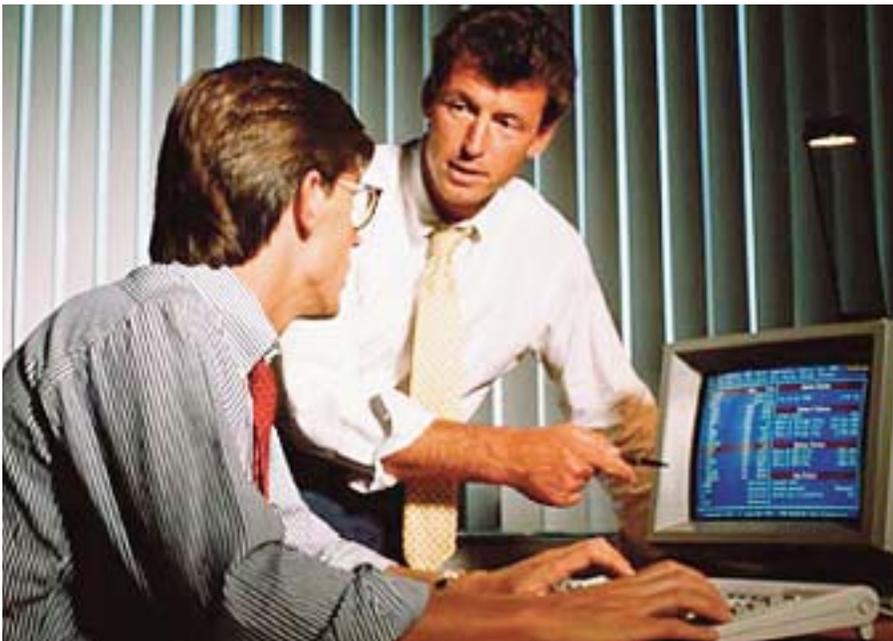
There is no room for complacency or waiting for things to change in today's turbulent economy. Many organizations have much more control over their specific business challenges than they think. It's time for all organizations to

rethink how they have been managing themselves through this turbulent economy, and reset their strategies for their own prosperity and success. Organizations must get back on the improvement track and learn how to change faster than our economy, our markets, our customers, and our competitors. Enhancing value during a down cycle provides warp speed on the back side once the economy begins to accelerate. Great companies are placing a high priority on business improvement and business excellence in light of the economic meltdown. These organizations will emerge from this turbulent economy as the new leaders in their markets. CEO

We encourage your Associates to assemble as much readily available information about the company prior to our initial visit (i.e., information that will help CEO "come up to speed" about the organization, its business challenges, current conditions, and gaps between current and desired performance). We are often provided with sales/product literature, company overview and capabilities presentations for perspective customers, financial and operating reports, results from internal operations reviews, and other documents that are readily available. There is no need for extensive preparation by your organization prior to CEO's visit.

Non Disclosure Policy

CEO will be happy to sign a non-disclosure prior to our assignment. We will also return any documents that we collected during our assignment if requested to do so. You should also be aware of CEO's policy of working with our client's competitors which is very unique in our industry: *If we work with your organization, we will not engage in any future consulting activities with your competitors for a period of five years.*





The Center for Excellence in Operations, Inc. (CEO)

The Center for Excellence in Operations, Inc. (CEO) is a leading global operations management consulting firm specializing in Business Excellence. When we use the term Business Excellence we are referring to the fusion of all improvement techniques such as Kaizen, Lean, Six Sigma, IT, and Cultural Transformation.

Our engagements reach far beyond the improvement tools themselves and integrate the key enablers of Cultural Transformation - Leadership, Customer Focus, Change Management, Information Technology, Performance Management, Teaming and Empowerment, Customized Education, and Behavioral Alignment. Business Excellence also requires strong leadership to establish executive continuity, selectively plan and execute a well orchestrated deployment, and manage the organization through the human drama of change. Finally Business Excellence is about highly focused successes, one project at a time but never ending – Where failure is not an option. Our professionals enjoy the success of transforming good organizations into great organizations. This is the essence of Business Excellence.

CEO has always positioned our firm as the “Innovative Mavericks” in our industry. Over the years, we have developed several industry recognized breakthrough improvement methodologies such as Lean Manufacturing Stats™ (LMS), Breakthrough Reengineering™, Accelerated Product Development Excellence™, Lean Extended Enterprise Assessment Process™, (LEEAP), Scaleable Lean/Six Sigma™ for our small and mid-sized clients, and our latest offering Rapid Deployment Improvement™ (RDI) which addresses the challenges of our present turbulent economy and delivers immediate high-impact improvements within 60-90 days.

CEO's focus is practical “hands-on” implementation followed by tangible breakthroughs in business perform-

ance. We differentiate ourselves from our competitors 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.

CEO's Founding Principles

Our firm was founded in 1991 to provide high impact business improvement consulting services based on our 10X Principle:

- Almost all of our clients achieve real annualized benefits in excess of 10 times CEO's fees (10 X), within twelve months from the start of our project. Some of our clients have achieved results in excess of 30-50 times CEO's fees.
- 100% of our clients have rehired CEO for several other projects because of our ability to deliver proven, measurable results. We have worked continuously with some clients for 5-10 years on various assignments.

In a World where over 80% of Lean/Six Sigma deployments are failures relative to their potential, organizations can not afford to approach their improvement initiatives with a bandwagon mindset. CEO understands how to navigate our clients through the obstacles of success and achieve Business Excellence: A state of real benefits beyond what was thought to be possible, and a culture to continue the journey to a higher level of excellence and performance.

WORLD HEADQUARTERS:

The Center for Excellence in Operations, Inc.
10 Chardonnay Terrace
Bedford, New Hampshire 03110
Telephone: (603) 471-0300

Contact:

Terence T. Burton, *Managing Director*
burton@ceobreakthrough.com

EUROPEAN PRACTICE:

The Center for Excellence in Operations, Inc.
Tizianstrasse 104
D-80638 München Germany
Telephone: 0049 172 824 6401

Contact:

Dr. Helmut G. Falser, *Europe Practice Director*
falser@ceobreakthrough.com