

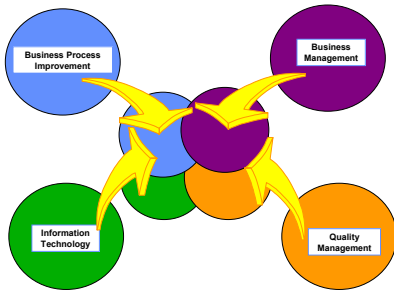
Bridging the Gap



Based on the New Book:
From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group
One Grist Mill Road
Medfield, MA 02052
(508) 359-7375
E-Mail: chuck.k@buzexgroup.com

Convergence of Major Trends



A Number of Major Trends and Disciplines Are Converging
The Convergence of these Disciplines will Create
Many New Opportunities (and Challenges) for Business Management

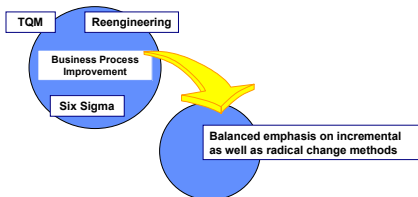
4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

2

Convergence of Major Trends (cont.)



- Total Quality Management (TQM) emphasized an incremental improvement approach in the 1980's and 1990's
- Reengineering came about in the early 1990's and emphasized more radical business process reengineering
- Six Sigma is currently becoming widely adopted and is based primarily on an incremental improvement approach
- Many people are beginning to recognize the need for an integrated approach

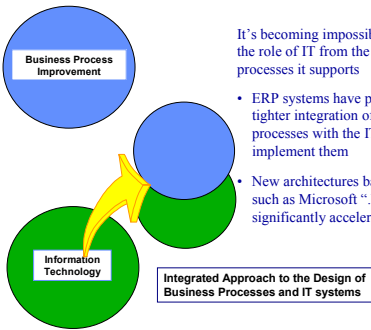
4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

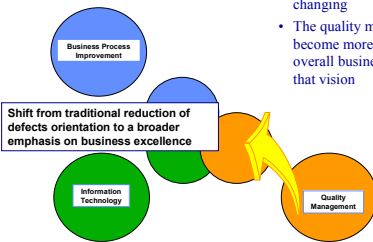
3

Convergence of Major Trends (cont.)



- It's becoming impossible to separate the role of IT from the business processes it supports
- ERP systems have provided much tighter integration of business processes with the IT systems that implement them
 - New architectures based on standards such as Microsoft ".Net" will significantly accelerate that trend

Convergence of Major Trends (cont.)

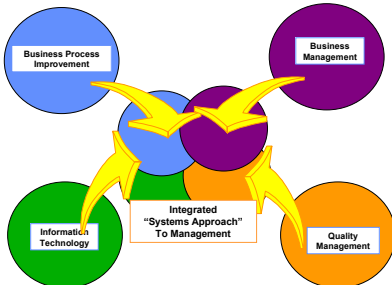


- The meaning of the word "quality" is changing
- The quality management function needs to become more tightly-integrated with the overall business strategy to help achieve that vision
- Many companies are beginning to call this "business excellence"

"Business excellence" goes beyond the quality of products and services and takes on a broader meaning of maximizing the effectiveness of the business in meeting or exceeding customer value expectations and using continuous improvement to drive business results.

Business Excellence is the total quality of how the business operates as a system

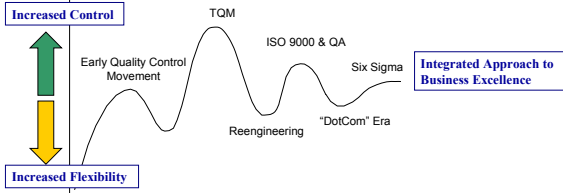
Convergence of Major Trends (cont.)



- The convergence of all of these disciplines will force a more integrated and cross-functional approach to business management
- A systems approach with high levels of cross-functional integration is essential to achieve this goal

The "Ups and Downs" of the Quality and Business Process Improvement Disciplines

- Need for Control has Been in Conflict with Need for Flexibility



- Technology and Business Management Approaches are converging to an approach that can provide both control and flexibility
- Need to Avoid the "Program De Jour" management trap to develop a more integrated approach

The "Program de Jour" Management Trap

- Companies have been Hopping from One Management "Fad" to the Next Looking for a Quick Solution to Complex Problems with Limited Results
- Every time a new Management Technique Comes into Vogue:
 - Whatever Came Before it is Tossed Out and Forgotten and,
 - The New Approach Becomes a "Paradigm" for Redefining How the Business is Managed.
- The "Dotcom" era was even worse and caused us to "Throw Out the Book" of Many Good Management Practices

American Business is in Search of a New Paradigm for the Future; but A New Paradigm is Not the Answer

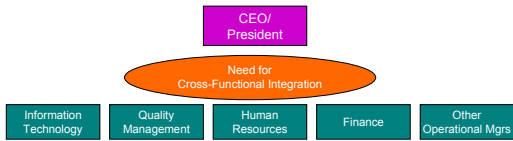
Systems Thinking Approach

- Instead of Redefining the Business Around the Latest Management Fad, Quality Standard, or IT Paradigm:
 - Think of the Business as a Complex System
 - Use Well-Established Systems Engineering Approach to Design the Overall System to Maximize Effectiveness
 - Management Approaches, Quality Standards, and IT Capabilities are Only Tools that Must be Used in the Right Context

Companies that Use Systems Thinking are Able to Assimilate Multiple Approaches into Their Business System Easily:

- They See Them Only as Tools.
- Not as Paradigms to Redefine How Their Business is Managed

Typical Company Organization



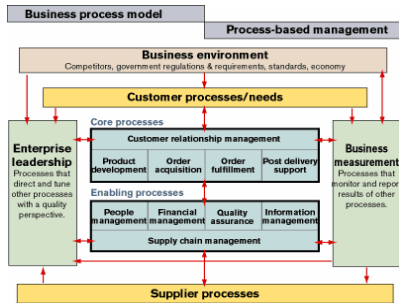
Typical corporate organization has some significant obstacles to overcome

- Need to unify the corporation around common strategy, goals, and business processes
- Build cross-functional orientation to make it work effectively

We need to view the corporation from a different perspective to make this work effectively

Example Case Study

An Example – Cessna Aircraft



An Example – Cessna Aircraft (cont.)

Strategic Goals:

- Total customer satisfaction,
- World quality standard for aviation,
- Breakthrough operating performance,
- Top-10 company to work for in America
- Superior financial performance

Short-Term Objectives:

- Improve quality/reliability 10 fold in three years
- Improve annual productivity in terms of cost, not inflation
- Improve on-time delivery 10 fold in three years
- Improve cycle time three fold in three years

Short-Term Accomplishments:

- Quality: ~30X Improvement
Schedule: 28% improvement (99% on-time consistently)
Productivity: Escalation largely replaced by productivity
Production Inventory: Production turns increased 3X

4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

16

An Example – Cessna Aircraft (cont.)

What Cessna Did That Was Significant:

- Adopted a Process Model for the Entire Business
 - Developed an Integrated Management Scheme with Responsibilities for Each Core Process
 - Created Some Clearly-Defined “Stretch” Goals to Measure Themselves Against
 - Integrated a Number of Different Quality Standards
 - Created their Own Process Improvement Methodology Based on Six Sigma
- Integrated All of Their Supply Chain
 - Reduced the Number of Suppliers
 - Required all Strategic Suppliers to Complete an Annual Baldrige Self-Assessment to Identify areas for Improvement
 - Jointly Partnered with Suppliers on areas for Improvement

4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

17

Summary and Next Steps

4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

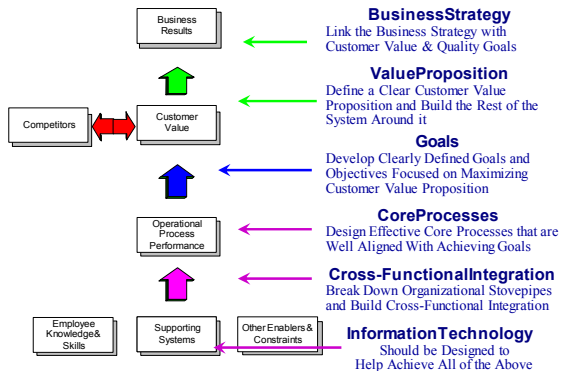
18

Summary - Key Principles

1. A Business is a Complex System
2. A Systems Engineering Approach is Needed To Effectively Design Business Systems
3. Standards and Best Practices Should Help Design, Not Define the System

This Approach is Highly Consistent
with the Year 2000 Version of ISO 9000

Summary of Key Challenges



What Does This Mean to Your Company?

More Effective and Well-Integrated Quality/Business Management System:

- Quality Systems Are More Aligned and Integrated with Business Goals
- Higher Impact of Quality Efforts on Achieving Business Results

Suggested Next Steps:

- Where is Your Company Today? Where Would you Like to Be?
- Develop Action Plans for Getting There

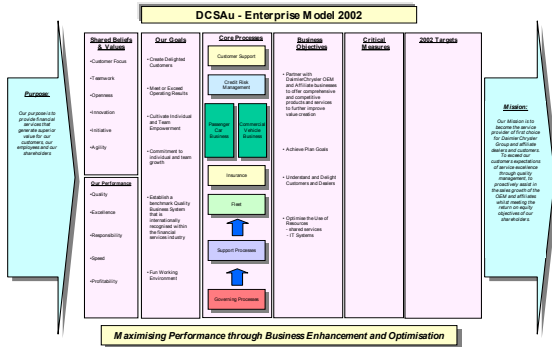
Methodology and Tools

Enterprise Modeling & Process Mapping

A picture is worth a thousand words

- Graphical flow charts are an excellent way of designing and documenting how your critical processes work.
- Process maps can be used to communicate information about the organization at the enterprise level or at the process details level.

Daimler-Chrysler Services Asia/Pacific Enterprise Model



Daimler-Chrysler Services Asia/Pacific Governing Processes



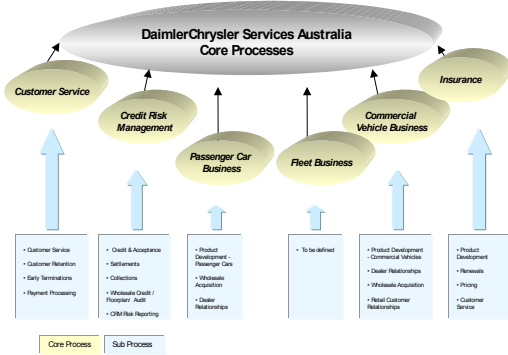
4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

25

Daimler-Chrysler Services Asia/Pacific Core Processes



4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

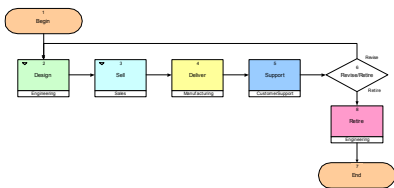
26

ProcessMaps™



- ProcessMaps™ is a Visio add-in tool that allows the user to develop flow charts that show graphically how your processes work

Product Life Cycle



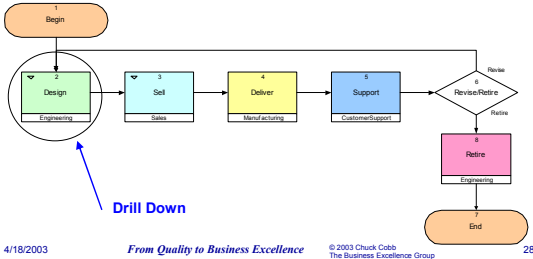
4/18/2003

From Quality to Business Excellence

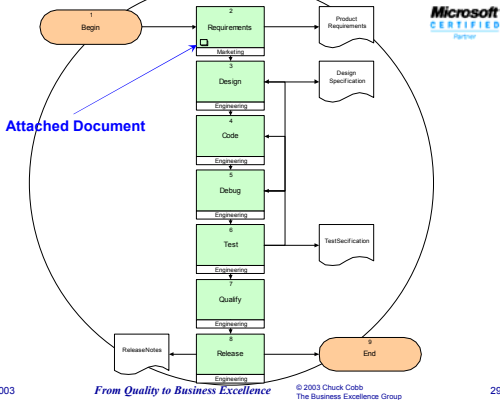
© 2003 Chuck Cobb
The Business Excellence Group

27

Product Life Cycle



Product Design Process



Product Requirements Document

Revision 1.0 Author: J. Q. Citizen Date: 1/31/2003

Overview

This widget absolutely must be the best widget designed by anybody. It must have all the latest features and it must perform better than the current market leader. In order to accomplish this it must be designed of durable, scratch-resistant cardboard and given the nature of its use it must withstand temperatures in excess of 2000 degrees Fahrenheit.

Customers

The customers will be middle-aged, single professionals who enjoy the barbeque experience. They will usually have a rigid work-out regimen and a diet rich in blackberries and asparagus. They will likely purchase this product from an auto parts store or a music store.

.....
.....
.....
.....
.....
.....

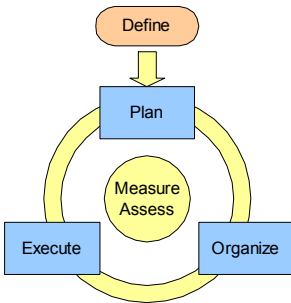
Enterprise Modeling and Process Mapping – Summary of Key Points

Graphical tools provide a very powerful capability for visualizing all aspects of a management system and how it fits together

- Management tool for developing a systems approach to management
- Provides a foundation for ongoing process improvement
- Helps all employees see their role in achieving company goals
- The Business Excellence Group can provide ProcessMaps™



Assessment and Measurement

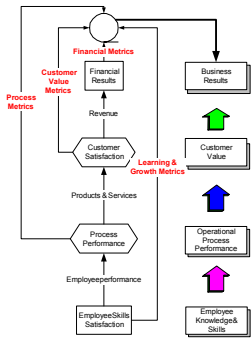


A fundamental element
Of the classic management
Control loop is Assessment
And Measurement

Assessment & Measurement

- Ongoing dynamic measurement
 - Metrics that provide timely feedback
 - Closed loop control over your processes
 - Correct problems before your customers see them
- High level assessments
 - Check the overall health of the organization
 - Get a sense of the 'Big Picture' to set priorities
- Targeted detailed assessments
 - Discrete reviews of specific areas of the business
 - Projects, Processes, or Systems

Alignment of Metrics



4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

34

Case (dynamic measurement)

- New York Police Department instituted the use of the Compstat Process in 1993.
 - Real-time statistics reported and mapped daily
 - Weekly reviews of trends
 - Line managers accountable for responses
 - Overall crime down 12.3% in 1994
 - Overall crime down 65% from 1993-2001
 - Robberies fell from 85,883 to 32,213
 - Emergency response from 8:36 to 7:30
- Implemented in 20 other departments in New York

4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

35

Maturity Model

5. Best In Class

A well-designed methodology for managing process improvement (both incremental and radical change) has been established and the company has optimized its organizational structure, culture, and systems around ongoing change. The company has demonstrated successful implementation over a sustained period of implementation.

4. Managed Continuous Improvement

Processes are well integrated across the organization and the relationship of process performance to customer satisfaction and value is well understood. Efforts to improve process performance are an integral part of the company's business planning and management approach.

3. Defined Systems Approach

Business processes are well defined, understood, and integrated into a "systems" model of how the business operates including an enterprise model and process maps.

2. Repeatable Basic Approach

Basic process management controls are established to manage results and the necessary process discipline is in place to repeat earlier successes. Efforts to improve process performance may be limited, reactive, and corrective in nature.

1. Initial

Business processes are characterized as ad hoc, and occasionally even chaotic. Few processes are defined, and success many times depends largely on individual effort and heroics.

4/18/2003

From Quality to Business Excellence

© 2003 Chuck Cobb
The Business Excellence Group

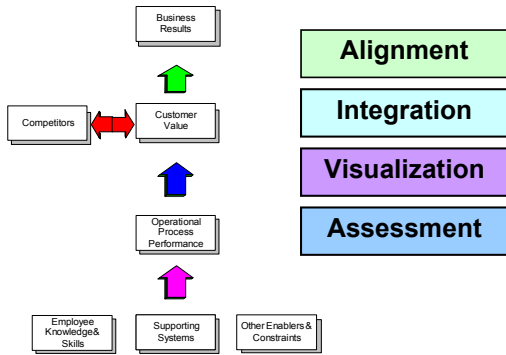
36

BizAssess™



- Reports show
 - Each Assessor's Rating
 - Aggregation of all assessors
 - Various Multi-level Sorts
 - By Importance
 - By Deployment
 - By Results
 - By Difficulty

The One Page Summary



Who We Are

The Business Excellence Group



Business Process Improvement
Management Consulting



Project/Program Management



Quality Systems
Information Technology





Book:

From Quality to Business Excellence – A Systems Approach to Management

Author: Charles G Cobb

Available through: Amazon.com

Publisher: ASQ Quality Press; ; (February 2003)

ISBN: 0873895789

Resources for Additional Help:

<http://www.bizexgroup.com>
