

Improving Your Business Performance in 2006

At this time of year it is natural to reflect on your annual performance and set personal and business goals for the upcoming year. The question is what kind of results do you want to create for yourself and your business? Do you have customers coming back for more of your product or service? Do you have a set of ideal customers you want to cultivate? Are your business processes in control and capable of producing what you and your customers require on a continuous basis?

The demands of today's business environment have caused many of us to shift our approach from thinking as a professional to acting as an entrepreneur. Avoiding past mistakes and taking the time to plan your next moves can make the difference between an exceptional year, and a mediocre year for you and your organization.

- ✚ **Being Generic:** Do you act, look, and sound like your top competitor? Sales material, customer approach, support center processes, website content, all similar? Look for an edge that breaks you away from the rest of the herd.
- ✚ **The Emperor with no clothes:** How deep are your relationships with your top customers? Can they identify beyond normal business practices how your value to them increased from last year? What types of evidence would they reference? Don't ever take the crown jewels for granted, your competition is lurking.
- ✚ **Failing to turn your customers into a sales force:** Your customers can become your largest asset for customer referrals. It is much easier and cheaper to keep in contact and query your current customers, than for example cold calling.
- ✚ **Failure to review your lost client base:** What low value customers did you hold back from pursuing last year? Have you considered contacting them in the future? Customer needs and requirements can change, and you can have the influence to make it happen.
- ✚ **Putting a square peg in a round hole:** How much time did you spend on sales and marketing actions that didn't produce results? Is your sales force making promises you can't keep, or not fully understanding the capability of your business processes?
- ✚ **Same Stuff, different day:** Are you still marketing yourself the same way you did last year, five years, ten years ago? Which of your marketing decisions drove bottom line increases and what didn't? Look around your industry, and seek the difference!
- ✚ **Become a renowned expert:** Successful business people spend their time developing their reputation. They don't just rely on their business to sell themselves. They use tools to sell themselves and their products – speaking, writing, attending seminars/tradeshows, joining and contributing to professional and community associations.

According to the *Benchmarking Exchange*, these business processes are ranked as the 10 top processes benchmarked in 2005.

Business Process	Ranking
INFORMATION SYSTEMS TECHNOLOGY	1
CUSTOMER SERVICE SATISFACTION	2
EMPLOYEE DEVELOPMENT TRAINING	3
SIX SIGMA	4
HUMAN RESOURCES	5
ACCOUNTING	6
INVENTORY WAREHOUSING MANAGEMENT	7
KNOWLEDGE MANAGEMENT	8
MANAGEMENT OPERATIONS POLICY LEADERSHIP	9
CALL CENTERS HELP DESKS	10

Key Technology trends for 2006

A recent article at InternetNews.com by Sean Michael Kerner with the Gartner research firm includes predictions for six technology trends expected to cause significant disruption and drive opportunity for business and the Information Technology industry.

The six trends identified include:

- Notebook Computers
- Telephony
- IT Job Market
- Business Process Outsourcing
- Healthcare Software, and
- Regulatory Compliance Issues.

New Information and Upcoming Events: www.asq.org

- Attend the 2006 ASQ Six Sigma Conference and Six Sigma Forum Master Black Belt Dinner—Feb. 6-7, 2006, Palm Springs, CA
- Check Out Blended Six Sigma Green Belt Training for Healthcare—Feb. 20-22, Phoenix, AZ
- Plan Now for the ASQ World Conference on Quality and Improvement—May 1-3, Milwaukee, WI

Quality Digest Magazine Article

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The FUTURE of quality defined

The organization of 2020 will be dominated by six factors represented by the acronym FUTURE, which stands for fast, urban, tribal, universal, revolutionary and ethics. The acronym is based on the research and work of Patrick Dixon (www.globalchange.com), a well-known international futurist. In the business world of 2020, mastering the quality-related aspects of these six factors will be essential to survival and prosperity.

Fast

The world is changing faster than management realizes. Survival will require organizations to use quality-based scenario planning before events occur. Quality improvement rapid-response plans will help to make every dollar count. The binocular lens of market research can't predict the future in a rapidly changing world--it just shows what consumers think. In 2020, we'll need bifocal leadership: clear, short-range thinking and sharp action to steer through the downturns, as well as accurate vision and steady nerves to see well into the future. Quality managers in the year 2020 will need to be familiar with the next wave of techno-change.

• *Implications for the quality practitioner:* Speed will be foremost, and value-information and early-warning systems will provide managers with comprehensive solutions to their day-to-day problems. "Management historians" will provide value information to analyze organizational successes and failures. In 2020, who will be watching your radar screen? Where will you get fresh insights? What quality tools will you use to harness external perspectives to protect you from institutional blindness?

Urban

Big demographic and social "lifestyle" shifts will affect your business: fickle fashions, aging but wealthy populations, retired people inheriting trillions of dollars, aggressive competition for top talent, female consumer influence, human cloning, medical breakthroughs, virtual relationships and a host of other factors, including the huge untapped challenge of megacity markets in emerging economies. These societal changes are fundamental to the future shape of your business because they'll alter how people think and feel. Soft factors might create your best business opportunities. But are your teams gearing up to exploit them?

• *Implications for the quality practitioner:* Population growth, water shortages, and crime and drug addiction will be major threats to the quality of life in our communities and our homes. What early-warning indicators will you have in place to lessen the effects upon your organization?

Ten Conclusions for Managing the Future

Thirty years ago, visionary Xerox executive Peter McColough asked, "Is it inevitable that organizations such as Xerox should have their periods of emergence, full flower of growth and prestige and then later stagnation and death?" McColough even identified the causes of the fate awaiting his company as it moved from an enterprise "loose on procedure, unclear on organizational lines, variable in policies" to an institution "governed by rules written and unwritten and the heavy hand of custom." To avoid the stagnation and death that McColough foretold more than 30 years ago, the following factors need to be seriously considered:

1. Prepare for the unexpected.
2. Get ready for faster reaction times.
3. Develop flatter organizational structures.
4. Build teams and alliance partners.
5. Grow with the "global village."
6. Practice cultural sensitivity.
7. Invest heavily in technology.
8. Create a family work atmosphere.
9. Provide a vision with purpose and meaning.
10. Enhance your leadership and quality management competencies.

Tribal

Poor project management is one of the major causes of quality program failure. Although the world of 2020 will be increasingly globalized, tribalism will become the most powerful force on Earth. Groups of people will identify only with each other, often through projects. Brands will act as relationship partners and create product tribalism, where consumers will "belong" to their products (and vice-versa). Relationship marketing will foster special alliances with customers by gathering and employing massive amounts of information about individual vs. tribal behaviors and buying habits.

Tribalism today makes people proud of who they are and provides a national identity. It also affects us all through niche branding and product loyalty. The key to all successful mergers and leadership will be harnessing the quality elements of tribal culture. Although future team leaders will continue to manage up to 20 others, successful tribal leaders will create dynamic people movements of more than 100,000.

- *Implications for the quality practitioner:* Tribalism will continue to be the basis of all family, team and workplace belonging, with a renewed and increased respect for culture. How will you make tribalism work for your organization and its quality of worklife, while rebuilding group confidence and a sense of belonging in a future world of constant workforce reductions?

Universal

The opposite of tribalism is universality. Globalization will hasten the emergence of the global super-brand and create huge pressures to manage global operations more effectively. New technologies as well as virtual teams and companies will be key to this new paradigm. In today's business environment, we're still playing games with globalization. Many business leaders are already spending more than six weeks a year flying to and fro at 35,000 feet, and it's no fun anymore. Successful multinationals will need new management models to grow beyond the constraints of constant air travel. Quality leadership will dominate the shape of all large corporations, as competitors realign through rapid mergers, acquisitions, disposals or new partnerships. However, reactions to universal quality standards will grow and require careful handling. Powerful global structures will emerge and affect many organizations' international interests.

- *Implications for the quality practitioner:* Global management will most certainly lead to job insecurity, erosion of nonwage benefits and further weakening of trade unions. How will you globalize your organization's management style and structures?

Revolutionary

Few people in your workforce will likely be active members of political parties, although vast numbers will have signed petitions or campaigned for causes. With the death of left/right politics and the weakening of "big" government power, corporations will increasingly be held responsible for their actions by single-issue groups. Examples include the war against terrorism, animal welfare and child labor in the textiles industry. Quality-related issues strike hard, and their effect can be difficult to predict. Clear quality policies, strong values and rapid media response teams will be vital to success in 2020. Will you have quality measures in place for monitoring these areas sufficiently? Just-in-time will continue to grow as a major quality program, even though its effect to date has been on inventory cost. In 2020, we'll need to look at total inventory costs because a high percentage of our products' components will be manufactured in Asia.

- *Implications for the quality practitioner:* The inventory cost of one month's shipping will be a major consideration when outsourcing decisions are made. Add to that the additional cost of fuel, and many of the decisions we make today to outsource labor-intensive activities won't be justified. Tax structures will be negatively directed toward the company that puts an individual out of work. If your organization outsources from the United States, be prepared to pay higher taxes to offset the additional costs that unemployed workers bring to humanity.

Ethics

The United States will stop focusing its quality effort on manufacturing and technology because in the future it will have no engineering capabilities. At the present time less than 5 percent of U.S. students are taking engineering classes, compared to China's 40 percent, according to a National Science Foundation study. By 2020, more than 90 percent of all engineering students who graduate from college could be Asian. With that kind of skill shift, there's no way that the United States will be able to compete in the manufacturing and

technology fields. Instead, the areas of culture change and quality philosophy will become increasingly important in shaping the vision and values of the organization. Whenever CEOs talk about the future, they end up focusing on the personal concerns they have, their vision and values, priorities, ethics, motivation, culture and spirituality. All these will be key issues for large corporations in the year 2020.

• *Implications for the quality practitioner:* What kind of world do you want to live in? Because ethics and values will carry us through periods of tremendous change and continue to provide increased context and meaning to visions and missions, what will your role be in shaping these changes?

The FUTURE at work

Financial rewards are not motivating factors in and of themselves. The genesis of this thinking goes back to the work of Abraham Maslow and Frederick Herzberg. Retaining and motivating top executives in the future will involve various core job dimensions, such as autonomy, feedback, task identity, skill variety and supervisory satisfaction. Personal work motivation has already changed dramatically during the last five years and will continue to do so because it's much deeper than work-life balance. The key to capturing people's passion will be to show how the quality of your products and services builds a better world, not only for individuals and their families, but also for the community and humanity as a whole.

A second force, the explosion of information technology, will continue to drive change in ways we're just now beginning to grasp. The Internet, with its promise of new distribution channels, customer information on unimagined scales and instant communication across continents, will continue to change the way people think about business. We'll select hotel rooms, buy plane tickets, listen to and download music, browse newspapers from thousands of cities, and shop for almost every conceivable product without leaving our own portals. Managing the quality of these transactions, services and products will demand new ideas, new methods, critical thinking and new tools.

A third force, virtual companies, will also stretch our ability to manage quality in the year 2020 and beyond. As companies follow the lead of Nike, Williams-Sonoma or Sara Lee and establish business-partner networks rather than vertical or horizontal organizations, we'll find a vastly increased need for clear specifications, procedures and communication. Companies such as Volkswagen in Brazil now have suppliers install and test parts on the assembly line, which changes Volkswagen's role to that of coordinator and planner rather than manufacturer.

Imagining current trends taken to extreme limits will offer another way to safely extrapolate the future. Customer focus will continue to be essential. Nypro Clinton, for example, has reduced its customer base by more than 90 percent to become more customer-focused. By concentrating on a small number of good customers, the company can co-design and co-locate production facilities and develop true business partnerships.

Riskier predictions include speculations about technological breakthroughs or other societal or managerial changes. What happens when information and communication become virtually free? Or when products and services become available anywhere in the world? The year 2020 will require that we manage development teams comprising thousands of far-flung independent programmers who create new operating systems and make them available for almost nothing. Information quality will become a critical issue, while new methods and tools for managing across company boundaries will be essential. Old practices of price negotiations and contracts will have radically changed and transformed into new cooperative partnerships with rapid sharing of information, plans and practices. Quality-driven business-process management will radically extend across company and value-chain boundaries and into customer operations. Time cycles will continue to shrink, and information flows, decisions and changes will occur with lightning speed.

Conclusion

Today's focus is on Six Sigma; tomorrow's focus will be on error-free performance. There will be a radical focus on reducing the time interval between when errors occur and when they're measured at the individual level. Knowledge management will play a big part in quality in the service industry. Historically, prevention is one art to which we've never found the key. We talk prevention but practice correction.

By 2020, we'll stop teaching problem solving and focus on developing new methodologies in prevention--ones that really work so we don't need to solve the same problems over and over again. Quality in U.S. manufacturing organizations is improving at a rate of about 10 percent a year. Quality in service is improving at less than 5 percent a year, and in some sectors, such as the airline industry, it's going in a negative direction. Meanwhile, customer expectations are increasing at a rate of 15 percent to 20 percent per year.

The bottom line is this: The FUTURE of quality lies in reversing the existing negative trends while there's still time.

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your business!*

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May you all have a prosperous New Year!
