

# excellence quarterly

Newsletter of Driving Excellence

[www.driving-excellence.com](http://www.driving-excellence.com)

## EDITORIAL

# WELCOME TO THE FIRST QUARTERLY NEWSLETTER OF DRIVING EXCELLENCE.



Dr. Michael Notheisen

This newsletter is not only intended for members of the Driving Excellence Business Club, but also for friends and clients of all Driving Growth International Business Units.

A newsletter should always contain something new. And the biggest news in this quarter is certainly the move of the Driving Growth International headquarters to its new location, Voltastrasse 31 in Frankfurt/ Main, City-West, on March 1<sup>st</sup>. As a DGI business unit, Driving Excellence has also moved its headquarters to the same location.

So far the move has gone well, and in the next newsletter I will hopefully be able to report that the new headquarters is fully functional.

Topics of this newsletter and future newsletters are:

- **Sales and marketing news from academia (Professor Benatzky)**
- **Consulting news (one of our consultants)**
- **Burning question discussion (someone from our network)**
- **Portrait of a Driving Excellence business club member**
- **News from our library and other club news**

## SALES & MARKETING NEWS FROM ACADEMIA

Prof. Dr. Dieter Benatzky

### CURRENT KEYWORD:

#### DECONSTRUCTION OF VALUE CHAINS

One of today's most important strategic challenges is the change in value chains. These changes have led to the restructure of several industries, and no industry can be spared.

Traditional vertical market structures have disintegrated and transformed under new rules. This deconstruction is most often connected with disintermediation. Traditional marketing instruments become dispensable or take on new roles.

Drivers of deconstruction are:

- Break-up of the reciprocity between the volume and reach of information that the internet has facilitated
- Innovation of information technologies and therefore the loss or the lowering of marketing barriers
- Outsourcing
- Global sourcing
- Global focus on core competencies
- Establishment of new networks in all steps of the value chain.

As one of the consequences of deconstruction, three types of new players have emerged:

- Orchestrators, who typically manage only their customers and their brands. All other value chain functions are outsourced.
- Layer Players, who specialize in one value chain function, e.g. R&D, and become quality and cost leaders in that area.

- Navigators, who provide market participants with fast and efficient information and qualification.

What actions should enterprises take based on these developments?

- Take into account relevant new competitors, and align and improve the core competencies in the strategic positioning.
- Timely recognition of new market rules and active repositioning of the enterprise in the value chain.
- Analysis of changes in the vertical market structure and identification of potential new competitors.

If you would like to learn more about this topic, Driving Excellence investigates it further in its in-house *Driving Value Chain* workshop. Please ask us about it.

### FUN: SALESMAN – A DEFINITION

One who works with his hands is a laborer.

One who works with his hands and head is a craftsman.

One who works with his hands, head and heart is an artist.

One who works with his hands, head, heart and feet is a salesman.

## CONSULTING NEWS

Bernd Altpeter

### WHAT IS EXCELLENCE AND WHY IS IT IMPORTANT?

Every day we all struggle with the topic of excellence, whether it's that of co-workers, the company or even our own. The dilemma begins with our own expectations of our work, or what we think is ideal. We strive to come as close as possible to an ideal state of affairs in order to ensure the company's competitive edge. Ultimately that's what it's all about - being competitive, or rather, being better than the competition. In times of highly competitive markets and falling margins excellence has become the "winning factor." It is not just about: "Are we doing the right thing?" but also whether we are "doing things right!" Both are correct, and one without the other is only half the battle.

When speaking of excellence in production, we refer to the overall value chain analysis. This can also be applied to all other processes that are not directly related to production. "Taking the customer's point of view not only applies to the original product, but also to the company's overall service commitment, including administration."

The following triad is therefore important:

1. What do we want to achieve and what is the benefit for the customer?
2. How do we define quality and what are the expectations?
3. Consequently, how should the processes within the company be modeled?

As a result of this cascade, it is important to recognize integral "production" systems within the company and how they're connected. This also

includes supporting processes, e.g. the information process, which is ever present in the background, behind every operating process, and essential in determining their smooth flow.

This integral process connects all levels of performance relevant to the product and therefore, at a later stage, also to the customer:

- Sales
- Marketing
- Purchasing
- Logistics

The greatest barriers in achieving excellence are the prevalent silo mentality within departments, the lack of transparency in integral processes, and ultimately the organization's lack of ambition. Too often companies are content with what has been achieved, losing sight of the market.

### WHAT ARE THE SUCCESS FACTORS OF EXCELLENCE PROGRAMS?

- An ability to eliminate potential blockades such as the past.
- A clearly defined expectation combined with a corresponding objective
- Clear benchmarks and best practice examples as the basis for determining the position among competitors
- Professional information management
- Transparency of processes, data and activities
- Motivation and incentives

### WHAT ARE THE BARRIERS?

- Unknown background processes
- Fear of change, one's fallibility, defeat and penalization
- Protection of vested rights
- Silo mentality and silo working

- The inability to recognize connections and missing opportunities
- Poor data, too much intuition without experience

Driving Excellence offers various programs on operational excellence such as *Marketing Excellence* and *Unwritten Rules in Organizations*. To find out more please contact Dr. Michael Notheisen.

## BURNING QUESTION

Stefan G. Richter

### CHANGE MANAGEMENT

#### – CAN WE LEARN FROM JAPAN?

Until his retirement, Stefan Richter spent almost his whole career as manager of the German mail order firm Otto. For the last decade of his career at Otto he was director of Asia / Pacific where he initiated independent Direct Mail operations in three new markets (China, Korea, and Japan) simultaneously. He received the Medal of Honor “Industrial Service Medal” from the President of the Republic of Korea Roh, Moo-hyun in 2004

Change Management - can we learn from Japan? – Five Hypotheses

#### 1. General External Environment

The potential for turbulence-adding pressure is multiple and threatening.

*Globalization, worldwide competition, new technologies, mobile communication, low logistic costs, etc. have destroyed traditional relations and put the world into the status of a “bazaar.”*

The outside world is becoming more insecure and volatile. The reaction time necessary is rising due to growing complexity while the available time to react is falling due to increasing dynamics.

#### 2. Internal Environment

Adaptation, in terms of principles and methods of coping with insecurity, is in principle difficult for the human nature, and is often the key barrier for changing the mindset.

It is interesting how Japan and Germany try to cope with future challenges.

*Germany:* Barrier analysis shows where the problem lies:

- Practical barriers are minor problems. (factor 1)
- Process-related barriers are manageable problems. (factor 10)
- Cultural-related barriers are the most serious handicaps. (factor 100)

*Japan:* Slow in decision-making as shown in the amount of time needed for management to come to a decision: Japan 80 % - Germany 20 %; execution of decision: Japan 20 % - Germany 80 %

### 3. Comparison of Corporate Cultures in Japan and Germany

CRITERIA	GERMANY	JAPAN
Way of thinking	functional	network
Decision making	hierarchy	based on trust
	individual	group
	free	solidarity with group
	majority	consensus
Behavior	follow principles	according to situation
	dynamic	reserved
	direct	indirect
	self-confident	reflective
	ego-orientated	group-orientated
Management skills	leadership	social competence
	conflict management	avoid conflicts
	individual ideas/elbow mentality	Integrate staff
	= disharmony	= harmony
Time input management for cultural issues	30 %	70 %
Time input of management for practical issues	70 %	30 %

4. Japan has advantages culturally due to its harmony-producing group behavior, but is slow because of time-consuming decision preparation.

Germany is faster, but has to build individual corporate cultures:

- more dialogue than rules
- more cooperation than competition
- more individual responsibility than hierarchy

5. Can we learn from Japan?

YES, WE CAN!

## CLUB MEMBER PORTRAIT

Heiner Faust, 42



General Manager of Sales, Germany, BMW AG  
Munich, responsible for Motorcycles

*heiner.faust@bmw.de*

### Education:

MBA, Jackson, MS, USA, Business and Economic  
Science (BWL), Augsburg, MBM (Master of  
Business Marketing), FU Berlin

### Experience:

- BMW AG, Munich, General Manager BMW Motorrad
- BMW Japan Corp. (2005-08), Director BMW Motorrad Japan
- BMW Korea Corp., (2004-05) Director BMW Motorrad Korea
- BMW AG, Munich (2001-04) BMW Motorrad, Head of Direct Sales and Used Motorcycle Sales
- BMW AG, Munich (2000-01) Group Marketing - Sales Strategy, Manager Used Cars
- BMW AG, Munich, (1997-2000) Direct Sales, Assistant to the Head of Division
- HUGO BOSS AG, Metzingen, (1997), Retail Controlling

- JOOP! JEANS GmbH (1994-95), Marketing-Coordinator

What is “excellence” for you?

To overcome limitations and restrictions.

What are “excellent people” for you?

People who are able to inspire others

What is “operational excellence” for you?

To motivate others to improve a little bit every day

What would be your greatest misfortune?

To lose one of my kids

Where would you like to live?

Where we live right now

What is the perfect joy on earth for you?

My kids

Which errors do you excuse the quickest?

Errors which are made on the way to new frontiers

Your favorite activity?

Vladivostok - Ulaanbaatar, 5000 km in 10 days on  
a BMW R 1200 GS Adventure

Who or what would you like to have been?

Columbus

How would you describe yourself?

Genuine

Your greatest mistake?

Expecting too much from others.

Your dream of true happiness?

I have never thought about this.

Your favorite color?

Blue

Your favorite flower?

Rhododendron

Your favorite writer?

Haruki Murakami

Which book are you currently reading?

(or have you read recently?)

Peter Sloterdijk, Im Weltinnenraum des Kapitals

Which natural gift would you like to possess?

Creativity and imagination

Your slogan?

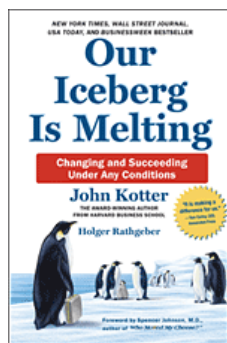
One who doesn't fight has already lost

## LIBRARY NEWS

Dr. Michael Notheisen

In this column we introduce new additions to our library and archive (we are currently working on a way for our members to easily access our library/archive without having to physically visit our offices).

Recent addition:



JOHN KOTTER, HOLGER RATHGEBER, "OUR ICEBERG IS MELTING: CHANGING AND SUCCEEDING UNDER ANY CONDITIONS"

*Our Iceberg Is Melting* is a simple fable about doing well in an ever-changing world. Based on the work of Harvard Professor John Kotter it is a fable about a penguin colony in Antarctica. A group of emperor penguins live as they have for many years. Then one curious bird discovers a potentially

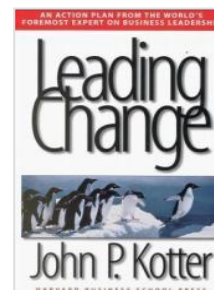
devastating problem threatening their home and essentially no one listens to him.

The characters in the story, Fred, Alice, Louis, Buddy, the Professor and NoNo (not a relative of Dr. No) are like people everyone recognizes. Their tale is one of resistance to change and heroic action, seemingly intractable obstacles and the cleverest tactics for dealing with those obstacles. It's a story that is occurring in different forms all around us today, and this book shows how the penguins handle these very real challenges.

Compared to their German counterparts, North American University Professors are much less reserved towards popular literature. This book is a good example how to simplify complex content without oversimplifying it.

The book might have a few inaccuracies with respect to the biology of penguins and the geology of icebergs, but who cares?

*Our Iceberg Is Melting* is based on Kotter's work and shows how eight steps can lead to needed change in any sort of group. It's a story that can be enjoyed by anyone while at the same time providing invaluable guidance for any change process.



This book is derived from Kotter's text-book *Leading Change* (which we also have in our library). It loses some of the scientific detail, but since it is very easy to read, the book is ideal for a team with changes ahead. It stimulates discussion, which in turn can be applied to a real change process. I read the entire book within two hours.

## CLUB NEWS

The new address of Driving Excellence

Headquarters is:

Voltastrasse 31

D-60486 Frankfurt/Main

Germany

Dates:

Workshop on 'Change Management'  
on 3rd/4<sup>th</sup> of March 2010

Party:

Housewarming party on 15 April 2010

New Equipment:

HD camcorder to video tape speeches from key  
note speakers of our network, etc



Panasonic HDC-HS 100.