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Turning market complexity and uncertainty into competitive advantage

The most successful companies of the future will use Lean and Six Sigma to gain a strategic and competitive advantage. CGN & Associates is helping global organisations get ahead of the curve by working with them to create a strategic framework in which to implement these tools and drive transformational change to achieve dramatic and sustainable benefits

Globalisation has had a dramatic impact on every large company in the last decade. Market globalisation is a double-edged sword. On one hand, it opens the door to opportunities through new market segments, customers and global capacity. On the other hand, it also opens the door to new competitors who may have been operating in these markets for years, are intimately familiar with market needs or operate with a lower cost structure.

The complex global economy requires companies to contend with new market forces and operational issues. Organisations must extend their operational reach and supply chains to deliver products and services into the hands of new customers whose needs are unique. They have to battle new competitors with new thinking, new technology, low-cost operations, distinct cost models and strategic pricing. Companies must also deal with volatility in currency, commodity prices and market demand, which are often exacerbated by geopolitical factors. Together these drivers exponentially escalate operational complexity. This is part of the new normal and companies need to find ways to adapt.

To compete in this new world requires companies to be not only operationally efficient and effective but also agile and flexible in responding to market shifts. Executives must identify primary sources of uncertainty and carefully design flexibility into core business functions such as manufacturing operations and supply chains. Incorporating both operational excellence and flexibility into the business architecture is critical for achieving sustained success.

Lean and Six Sigma provide an excellent framework for adaptation with their underlying science and toolbox. They are effective for unleashing problem-solving and innovation within the enterprise. To be effective, however, Lean and Six Sigma need to be guided by a deliberate strategy and focused on targeted transformation.

IMPERATIVES FOR LEAN AND SIX SIGMA SUCCESS

The fundamental challenge faced by organisations is the need to obtain immediate tactical and operational benefits while creating a sustainable,

long-term competitive advantage. Lean and Six Sigma give companies the tools to solve operational problems and create alignment with the business and customer.

Lean and Six Sigma alone are not good at fully recognizing and driving strategic change. Rather, organizations must design a strategic framework to operate within. They can then use Lean and Six Sigma tools to empower the organization, drive innovation and creativity, and align operational metrics to optimise business performance and customer satisfaction.

CGN & Associates works with many global companies that are implementing Lean and Six Sigma initiatives. The most successful companies retain focus on the following key tenets throughout deployment:

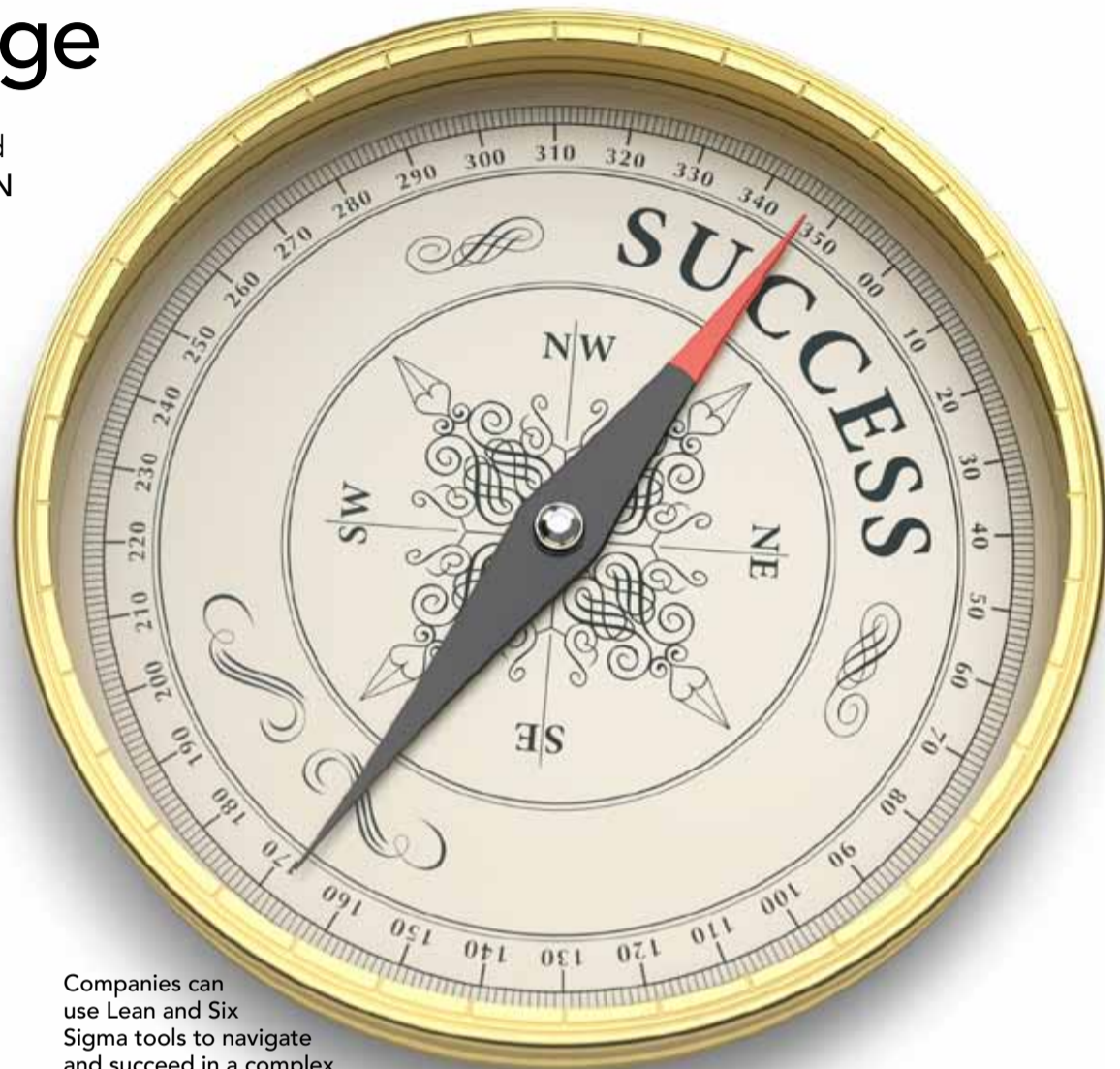
- They meet and respond to changing customer needs;
- They work to minimise and reduce structural costs;
- They constantly evaluate and evolve their business model to maintain operational and competitive sustainability;
- They proactively manage risk and market volatility.

Incorporating both operational excellence and flexibility into the business architecture is critical for achieving sustained success

In addition, the most successful companies use a three-step process to identify, prioritise and deploy their Lean and Six Sigma initiatives. First, they assess the overall competitive environment to understand and define critical levers for success, allowing them to create a recipe for increased competitiveness and differentiation.

Second, they appoint a senior executive to drive transformation and unleash the organisation's innovation and creative powers to create alignment between operational, strategic and financial metrics.

Finally, they create an ongoing governance framework that enables ongoing performance measurement,



Companies can use Lean and Six Sigma tools to navigate and succeed in a complex, global marketplace

alignment and feedback. Without such a governance framework in place, companies cannot link individual initiatives with other opportunities in the value-chain, resulting in short-lived benefits that are not sustainable over time.

CREATING COMPETITIVE ADVANTAGE

CGN & Associates has a unique methodology and approach that helps companies identify and create a competitive advantage by leveraging their Lean and Six Sigma efforts. They collaborate with senior executives and leadership teams to identify existing capabilities, competencies and levers for short-term benefits, and develop a recipe for long-term success. Dimensions for differentiation are identified by taking markets, customers, products, and supply chain and distribution challenges into account.

A catalyst for change, CGN drives new thinking from the top-down into all levels of the organisation, helping implement strategic plans and accelerating the transformation. CGN identifies specific, focused areas within businesses to target support and minimise risk. They become an integral partner in the transformation process and valuable part of the company eco-system.

For example, CGN recently worked with a telecommunications infrastructure company to define the underlying levers and critical processes for scaling their investments, execute these proc-

esses to increase the effectiveness of their investments, while driving down cost and capital investment requirements, and increase the company's ability to respond to customer needs quicker than its competitors.

BEST PRACTICES

There are many important lessons that can be leveraged from leading companies that have deployed Lean and Six Sigma initiatives successfully. Best practices include:

- Identify the long-term project goals and track your successes along the way;
- Develop a structured strategic framework and drive innovation within the framework. Innovation ultimately drives change;
- Generate positive cash flow with the Lean and Six Sigma process to ensure project continuation and sustainability;
- Provide positive reinforcement and create a deliberate perseverance culture to sustain change;
- Define a new way of doing business and compete within the strategic framework;
- Seek help from an external catalyst and senior-leader sponsorship to sustain the effort;
- Drive transformation, flexibility and innovation within the organization. All three are needed for the effort to accomplish its goals and to be sustainable.

DRIVING SUCCESS IN THE NEW NORMAL

Given its deep expertise in Lean and Six Sigma principles and practices, CGN & Associates is uniquely positioned to help companies turn global market complexity and uncertainty into a source of competitive advantage by helping them define areas where agility is needed in the business and helping design flexibility into core functions of the company.

CGN works collaboratively with companies to define a strategic framework and implement changes and initiatives in areas such as sourcing, product design, supply chain, procurement and manufacturing. CGN provides executives with valuable, outside perspective to identify key business levers, and serves as a catalyst for change to drive and accelerate strategic alignment, thinking and innovation.

www.cgn.net
Seshadri Guha, Founder and Managing Partner
sguha@cgn.net +1 309 472 4482
Amit Gupta, Managing Partner
amit.gupta@cgn.net +1 847 274 4533