



Ten Minutes of Your Time. Lasting Business Impact.

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"You're searching, Joe, for things that don't exist; I mean beginnings.
Ends and beginnings — there are no such things. There are only middles."

- Robert Frost [In the Home Stretch / Mountain Interval](#) (1920)

What's On My Mind This Week

Thinking Like Joe

Have you been thinking like Joe lately, seeking out black and white ends and beginnings and eschewing the gray middle ground? If so, you are not alone: "Joe thinking" runs rampant in January, as we close down one year with as much grace as we can muster and begin the next with fresh perspectives, goals and objectives.

But as February nears, many of us realize Joe's advisor is right: there really *are* only middles.

Here at [Philip Crosby Associates](#) (PCA) and [The Capability Group](#) (TCG), the temptation to think like Joe is pretty strong: 2004 has brought with it many developments that feel like genuine, bona fide beginnings. We have this, the very first issue of *Take Ten Minutes*. We have a [brand new joint venture](#), by which PCA and TCG merged physically and philosophically. We have a [brand new course](#) that links the two companies' philosophies together. New, new, new! That's three new beginnings.

Sort of. As Frost's "In the Home Stretch" so aptly points out, none of these is a true beginning. Instead, each represents some serious "middle work".

Take Ten Minutes is the continuation of our efforts to help you focus on business process improvement. It came about as a result of us asking ourselves, "How can we encourage our clients, on a regular basis, to remember to take time out of their busy schedules to look at a problem with a fresh set of eyes — to recommit to business improvement?"

The premise behind *Take Ten Minutes* is simple: take ten minutes out of every week to read this newsletter, refocus and recommit to business improvement. In each issue, you'll find quotes and interviews to inspire you, as well as articles pulled from today's headlines that show how horribly pear-shaped things can go when a company lacks a culture of prevention. We hope *Take Ten Minutes* will become the business improvement equivalent of your running partner, providing the inspiration you need to lace up and "just do it" on those weeks when the couch seems oh-so preferable.

The merging of TCG and PCA is also middle work; it is the culmination of years of work that PCA's founder, Philip Crosby, initiated before his death. Mr. Crosby himself evaluated many potential partners for PCA for the purpose of getting clients to the next level. Many prospective partners were rejected because Mr. Crosby did not believe they brought to the table the required commitment to building a prevention-based culture. It was not until the summer of 2003 that an overseas PCA licensee recognized the similarities in TCG and PCA approaches and

introduced the two companies. The companies quickly realized that their similarities and differences made for a unique solution.

The new course we have developed to tie it all together is also a continuation of work: it is our way to take longtime PCA clients, who know it is ultimately more profitable to 'Do It Right The First Time' than to build in allowances for shoddy products, to the level Mr. Crosby would have wanted to see them reach, helping them reap new and aggressive cost, quality and growth goals in 2004.

We hope you enjoy and profit from all our new offerings in 2004. See them for what they are: a new way for us to help you do what we've always helped you do, improve your business. As Mr. Crosby said, improving your business "is a journey that never ends." So let the journey...*continue!*

Creating Customer Success

With Jim Roach of American Honda's Parts Division

Think back to the last item you purchased - perhaps this morning's latte, that tank of gas on the way to work, or a book from an online retailer. If the experience was a good one, would you say this transaction made you a *satisfied* customer, or a *successful* customer? How would you describe the difference?

One of *Take Ten Minute's* goals is to help you better articulate the difference between customer satisfaction for a given transaction and sustained customer success, and to help you create the latter — to not only Do It Right the First Time, but also in such a way that your customer continuously says, "wow!". *Creating Customer Success*, a regular feature of *Take Ten Minutes*, is one way we can help you identify what that "wow factor" is for your customers. In this column, we'll talk directly to the people who are defining and creating customer success at top companies. Hopefully, their experience and insights will inspire you to take your efforts to the next level, and help as you build an organization whose mission is to create successful customers.

We start by talking with Jim Roach, Vice President of the Parts Division of the American Honda Motor Company, Inc.



Honda itself is well-known for creating successful customers. Case in point: the company holds more of *Car and Driver Magazine's* "10Best" awards than any other automaker; it not only won this year but also 18 of the 22 years that the editors have been evaluating new vehicles. It also has consistently been the first to address certain next-generation customer needs; in 1999, it was the first to introduce American consumers to gas-electric hybrid technology, and then in 2002 Honda took that mainstream with the Civic Hybrid. *Wow!*



So what makes the Parts Division so great? It works behind the scenes, keeping the stock on hand and filling orders seamlessly so that dealers can get and keep Honda drivers happily on the road. How is it done? Here's what Mr. Roach told *Take Ten Minutes*:

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The Capability Group and Philip Crosby Associates
306 Dartmouth Street, Boston MA 02116
617/716-0222

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Q: Who is the customer you must make successful?

A: Everyone in the Parts Division is keenly aware that we have two customers: the dealers, who are the ones we actually interface with, and the end users - the people who drive Hondas and go to their dealer for parts.

Q: How does American Honda's Parts Division define and measure "customer success"?

A: Our mantra is "every product on time and in perfect condition and at the right price". We measure this religiously by studying orders placed versus orders filled, damage reports and market price studies. We also maintain close relationships with dealers so we consistently understand what their needs are. Responsiveness is the key.

Q: Give me an example of customer success at American Honda.

A: In the past, our accessory line was extremely problematic. When we would launch a new model, the dealers would have only 70 percent of the accessories - things like spoilers and DVD players - available for installation. Why print them in our catalogues as options if there is no way the dealer could install them for a customer? Two years later, 99 to 100 percent of accessories are available to the dealers on launch day. That helps both of our customers; dealers make more money and drivers get the car they want.

Q: Name three things your management team does continually to make certain the focus remains on customer success.

A: We establish goals and objectives. We religiously measure and identify reasons for gaps between what was expected and what happened. We constantly communicate to all 1500 Parts Division associates, on a daily basis and through several different mediums, exactly how we are doing.

Q: What adjectives best describe your culture?

A: Customer-driven and quality focused. It has taken us three years to get to that point, but today those words accurately describe American Honda's Parts Division.

Q: What's your biggest barrier to creating success, and how are you overcoming it?

A: In the Parts Division, we deal with 600 different domestic suppliers - if you can imagine the challenges a store like Wal-Mart must have managing the suppliers that fill its shelves, you can imagine the challenges we have here in the Parts Division. Parts change constantly - there are different sizes, different shapes, and with different functions. Still, we need to have exactly the right part at exactly the right time to fulfill a customer request or we will not make our customers successful. That traditionally meant keeping a lot of parts on-hand "just in case", which is something we call "safety stock". But safety stock costs us money, which in turn costs our customers money.

To overcome this problem, one of the biggest shifts we have made has been in managing the supplier relationships and delivery times. We now make more frequent orders and have shorter supplier lead times to ensure the right part gets to the right place at the right time, without sitting in our warehouses too long.

Q: Any advice for someone just starting the process?

A: Understand the dependencies and critical paths - by this I mean don't go building a boat inside of a house and then realize you can't possibly get the boat out without destroying the house. To achieve this you need to have the right management team in place and ask the right consultants

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to advise you throughout the process - people who have done it before and can steer you away from the pitfalls.

About Take Ten Minutes

Take Ten Minutes is a weekly publication of Philip Crosby Associates and The Capability Group.

The premise behind *Take Ten Minutes* is simple: take ten minutes out of every week to refocus and recommit to business improvement. *Take Ten Minutes* will feature quotes and interviews to inspire you. We'll also pull articles from today's headlines as examples of the power of the preventive culture (or the deep problems caused by not having one).

As the name suggests, *Take Ten Minutes* promises to be relentless with the editing razor and keep each issue tight - each issue should take you only ten minutes to read, start to finish. You'll reap even bigger rewards if you kick in an extra ten minutes to discuss the ideas with a colleague or to take an idea found here and plan to roll it out in your organization. We hope *Take Ten Minutes* will become the business improvement equivalent of your running partner, providing the inspiration you need to lace up and "just do it" on those weeks when the couch seems oh-so preferable.

We hope you enjoy *Take Ten Minutes*. As Philip Crosby said, improving your business "is a journey that never ends." So let the journey...*continue!*

Please send story ideas or comments to editor@taketenminutes.com.

About Our Companies

In today's marketplace, only capable companies will survive and thrive. The overarching goal of Philip Crosby Associates (PCA) and The Capability Group (TCG) is to give companies the culture, tools, methodology and results-focused support to become 'Capable Organizations' - useful, reliable, adaptable, and ever-focused on achieving customer success.

PCA and TCG deliver on this goal by first working with clients to assess where they are on the maturity spectrum and where they want to go. For companies early in the process, we work hand-in-hand with management to install a culture of prevention - the culture that has been championed by the PCA side of our business since quality management guru and PCA founder Philip Crosby published *Quality is Free* in 1979. Over the past two decades, Crosby's techniques have been implemented by many of the Fortune 500, as well as small and mid-sized companies seeking excellence.

Once the foundation of the Capable Organization is present, TCG steps in to help clients take their efforts to the next level by further reducing costs, enhancing quality and promoting growth. TCG was founded by Kevin Weiss, who was a Quality Leader and Master Black Belt for General Electric when that company first implemented Six Sigma - a program CEO Jack Welch has attributed with "changing the DNA of GE". With a proprietary Cost-Quality-Growth™ Model created based on the knowledge that GE's success was due to much more than a typical Six Sigma deployment, TCG has helped shape Cost-Quality-Growth™ Programs for companies such as Shimano, American Express and Sony.

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