



**Ten Minutes of Your Time. Lasting Business Impact.**

**Issue 7  
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“Doors of opportunity don't open, they unlock; it is up to you to turn the knob.”

**- Lily Taylor**

## **From the CEO's Desk**

by Kevin Weiss

CEO, Philip Crosby Associates and The Capability Group

### **All Things Being Equal**

We often hear that all things being equal, China's low wage position gives her companies an unbeatable position in the marketplace. But things are very rarely equal.

Last week I visited clients in the United States and then traveled to China. Two companies provided classic examples of the need for culture change to win and sustain market leadership.

One stop was an American manufacturer of sporting goods, whose industry faces continuing inroads from Chinese competitors. The company was formed when its founder discovered ways to integrate new materials into existing product designs, and has grown through continually innovating in its market.

With product leadership and market innovation at the foundation of its culture, this company would seem to be well-positioned to take on the new low-cost, low-tech competition. In fact, the products launched just last year created major gains in market share and operating income. So this company just needs to execute, execute, execute, right?

That's not the view of management. They realize continuing success requires a change in culture. Since some of the best ideas come from customers, their customers must become an integral part of the product design process. In addition, the company can no longer afford the scrap and inventory levels of the past. Waste not only drives up product costs, but limits the capital available for further growth. So today, engineering has more customer contact than ever before, and manufacturing and engineering work side by side on the shop floor to solve production issues. The results are products that are highly targeted for specific customer segments, less scrap and product returns, continuously declining costs, and a cross-functional view of production that will aid the next generation of products.

In China I visited a unit of a multinational corporation that manufactures heavy electrical equipment. In a dusty manufacturing town, with a corporate parent half a world away and a management team of Brazilians, Germans, and Chinese, the plant produces equipment for the Chinese market.

On one hand, it's the kind of low-wage manufacturer that you read about in the *Wall Street Journal* or hear discussed in your local coffee shop. After driving down several dirt roads and past a seemingly endless expanse of hand-tended farmland, the factory suddenly appears. With labor costs that are the envy of the industry, this company just needs to execute, execute, execute, right?

That's not the view of management. They realize that to fulfill the promise of the operation requires a culture change. The only way to win in the home market and begin exporting their goods is to provide defect-free products in addition to a competitive cost and pricing position. So the plant is training and developing its workers to create a culture of continuous improvement and a Zero Defects mindset. The result is fewer nonconforming products, a lowered breakeven production level, and the first non-Chinese order firmly in sight.

These two companies are separated by an ocean, an industry, a language, and an initial corporate culture. Still, they are united in their view of the future. They are both committed to the proposition that only the most innovative, reliable, lowest cost producers can effectively compete in tomorrow's marketplace. They recognize management vision and commitment is the entry point for change, but that these must be backed by a mechanism to drive change and a core philosophy that enables every individual to align their daily activities with the larger company goals.

By definition, each company is created with some advantage in the marketplace. But what the company does with that advantage, and how it creates additional distance between itself and its competitors, is a function of the thousands of decisions and actions that are taken over time. Some Chinese companies will squander their low-wage position and some US companies will fail to leverage their lead in technology and market knowledge. Each company's culture determines their collective actions and these collective actions determine the outcome.

What is your organization doing to create tomorrow's competitive advantage? Are you counting on today's strengths to carry you through, or are you working to create new sources of competitiveness? Do you have the right culture to harness the power of your people to improve the organization or are there inherent conflicts that stifle the actions of individuals and teams to achieve results? These are the critical questions that we all must answer, as the answers themselves are indicators of your company's future success.

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**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* features quotes and interviews to inspire you. We 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* is relentless with the editing razor and keeps each issue tight - each issue should take you no more than 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* becomes 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 our [editor](#).

**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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Along the journey to the Capable Organization, PCA and TCG provide a comprehensive set of training programs and materials as well as consulting and assessment services to accelerate progress. Products and services range from courses and CDs geared towards the education of hourly workers to intensive seminars for managers and executive teams.

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