

Client Newsletter

June 2011

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In this issue:

- Welcome note
- Good strategic choices and implementation
- Rethink OEMI
- OEMI participation
- OEMI structure
- Book review: *Kitchen Confidential* by Anthony Bourdain

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Welcome Note

It's unnerving to realise just how quickly the "buffet" of 2011 is presenting itself. Food lovers and other avid watchers of the TV reality show *Masterchef Australia*, will appreciate the food analogy. Our 2011 experience is like a meal where the varied and often exciting-looking ingredients are blended together with great expectations but the reality of the meal at the end is sometimes disappointing. By the time you read this newsletter, the elections will be over and hopefully you will have forgotten the irksome in-your-face, irritating fruitfly-like electioneering.

As a nation we get what we collectively vote for and in turn what we deserve - where the blend of political ingredients – the various promises, pledges and oaths to the voters – turns into a disappointing main course!

Nearing the 2011 halfway mark, we truly hope that the aroma of your simmering year so far, is sumptuous and full of gastronomic promise. The national statistics certainly appear to be moving in the right direction and South Africans could soon be spreading a tasty gourmet spread on their Salticrax crackers. It is unlikely that salmon and caviar will adorn our canapés in the near future but the anticipation of tastier snacks is likely.

At Rethink we are experiencing a new energy among our clients. The uncertainty of the past two years has been characterised by minimal focus on continuous improvement, an air of survival and a great deal of indecision. This appears to have been replaced by a new wave of assertive and decisive demands for delivery of initiatives or projects focussed on sustainably improving

earnings.

While the previous Client Rethink Newsletter (available at our website: www.rethink.co.za) focussed on operational efficiencies and productivity through the use the Rethink LEAN Total Performance Improvement framework (TPI), it is timeous, we believe, that this edition focuses on the *strategy development process*. It is this strategy process that provides a context and a vision of how things could be in the future.

"Luck is not a business model."
Anthony Bourdain, "Kitchen Confidential" (reviewed in this newsletter).

In this newsletter we will also invite you to participate in the Rethink Operations Excellence Maturity Index (OEMI) which is to be launched in the second half of 2011.



Good strategic choices and implementation

Just as bookshops heave with the huge variety of cookbooks, there are surely more books written about strategy than any other business topic. From the Chinese General Sun Tsu ("The Art of War" written about 500 BC) to the more recent Michael Porter who has written 18 books and is most well known for his "Five

Forces Analysis", there is no end to the theory and guidance available on strategy. This article will not add to the body of theory but rather focus on the essence of good and successful strategy as Rethink is known to do. Firstly, strategy is about choices. There is no one magic strategic plan at any given time.

Leadership is called on to create a menu of strategic options and then to select an option for execution. The selection is not random, it is a considered choice based on the wisdom and experience of the business leadership. Thereafter, success has much to do with implementation rather than the chosen option.

Seven Strategy Questions

1. Who is your primary customer?
2. How do your Core Values prioritize Shareholders, Employees, and Customers?
3. What Critical Performance Variables are you tracking?
4. What Strategic Boundaries have you set?
5. How are you generating Creative Tension?
6. How committed are your employees to helping each other?

What Strategic Uncertainties keep you awake at night? What risks does your business face both strategically and operationally?

Seven Strategy Questions: A Simple Approach for Better Execution by Robert Simons.



Anthony Bourdain on 'teamwork'

"Few things are more beautiful to me than a bunch of thuggish, heavily tattooed line cooks moving around each other like ballerinas on a busy Saturday night. Seeing two guys who'd just as soon cut each other's throats in their off hours moving in unison with grace and ease can be as uplifting as any chemical stimulant or organized religion."

Secondly, good strategic choices are made on a thorough understanding of the context in which the business or economic unit intends to operate. A clear and shared appreciation of the political, economic, social, technological, legal and business environment provides a solid foundation just as a good lamb stew relies on a solid stock base for its success.

Extending our food metaphor – our business context may be likened to a chef's kitchen which should be well equipped to handle any offering on the menu. Every chef knows his kitchen like the back of his hand and so should we be with regards our business context – we should know all the forces at play and how they will influence our business in the years ahead. A successful restaurant relies on the loyal patronage of its clients - the all-important customers whose taste buds must be satisfied so convincingly that their ongoing support of the establishment is assured. As leaders we must continue to examine the potential lure of other competitor offerings now and in the future. We should also consider the skills and attitudes we require to concoct our winning cocktail and above all, determine a winning recipe to assure we receive first choice service from our selected suppliers.

All these elements are vital for the sustained and successful running of a productive and efficient operation. Any chef will tell you that the success of his kitchen relies on the co-operation and teamwork of his group of chefs, kitchen aides, cleaners, washers and waiters – working together with one goal in mind. It is clear that the Master Chef or CEO can't do it alone – they need

the wisdom and experience which is readily available within their organisation and which may be extracted by asking the right questions. Competent and confident facilitation of the strategic process is well recognised as a most efficient and effective way of creating an implementable strategic plan. The competent facilitator will ask pertinent questions pertaining to current and potential competitors, suppliers and clients -both now and in the future. Some of the most important questions are well identified in a new book "Seven Strategy Questions: A Simple Approach for Better Execution" by Harvard Business School academic Robert Simons.

Put simply, Simon's questions are:

1. Who is your primary customer?
 2. How do your Core Values prioritize Shareholders, Employees, and Customers?
 3. What Critical Performance Variables are you tracking?
 4. What Strategic Boundaries have you set?
 5. How are you generating Creative Tension?
 6. How committed are your employees to helping each other?
- What Strategic Uncertainties keep you awake at night? What risks does your business face both strategically and operationally?

The answers to these questions, discussed and debated, produce a realistic picture of our business potential. What remains is the often tedious phase of planning the "how to" that we need to create our "gastronomic masterpiece" – our house speciality – that will enable its alluring aroma and taste to attract new patrons and keep the old one's coming back. Asking questions has two impor-

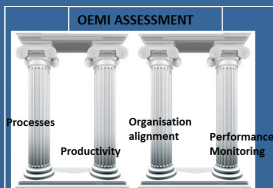
tant benefits. *Firstly*, your strategic choices are likely to be informed and *secondly*, your strategic choices are likely to be supported by the people driving implementation, assuming they were involved or represented in the strategy process.

Critics will argue that collaborative planning is simply pooling ignorance and, chances are, nothing positive or really innovative will result. This attitude is not constructive and I invite you to consider collaborative strategy facilitation in the following context:

The greatest innovations remain ideas whose value is latent until they are implemented. Collaborative planning substantially increases the chances of "buy in" and positive committed action to implementation. An unsupported but brilliant idea may be remembered at best for being ahead of its time. No one will ever enjoy the real value of the brilliance until the idea has sufficient support to underpin its implementation.

An independent and competent facilitator "forces" participation while seamlessly guiding the participants through a structured set of proven frameworks. The process allows the successful blending of both innovation and practicality to create a workable implementation plan. The Rethink strategy development and alignment methodology is both efficient and effective.

As experienced strategy facilitators we appreciate the value of great strategic choices but recognise that the sweet smell of success only emanates as the plan is implemented. Our reputation depends upon our ability to enable our clients to deliver on their strategic choices. **Bon Appetite!**



The four pillars

The equal weighting of each of the four pillars in the index expresses the interdependence of the four aspects in the pursuit of operational excellence.



We are certain the Operations Excellence Maturity Index will provide valuable insights for businesses that are serious about improving productivity and look forward to analysing and publishing the feedback in the second half of this year.

Rethink Management

The Rethink Operational Excellence Maturity Index (OEMI)

Rethink has over the last 15 years built a proud reputation for assisting businesses in their operational performance improvement pursuits.

Our LEAN Total Performance Improvement (TPI) framework captures our collective learnings over that period. While the pursuit of excellence runs parallel with the achievement of objectives within sustainable organisations their key to maximising net earnings and minimising the cost of generating those earnings is operations maturity.

Operations maturity is attainable through efficient processes, maximised productivity, effective performance monitoring and aligned organisation resources. As a consultancy supporting clients in pursuit of operations excellence we recognise that cross-pollination of business and industry best practice is a powerful learning tool.

Unfortunately measurement of relative maturity, while simple among direct competitors, becomes

highly complex when cross-industry comparisons are concerned as the productivity metrics in different industries are appropriately different. To address this business need "The Rethink OEMI" will be launched in the second half of 2011.

The OEMI is a cross-industry perceptual assessment of operational maturity within the respondent's businesses and assesses maturity in each of the four pillars of the Rethink TPI to make up a single index.

The survey sample pool will be sufficiently wide and identified to assure the validity of the assessment. The equal weighting of each of the four pillars in the index expresses the interdependence of the four aspects in the pursuit of operational excellence. By assessing operations excellence along a maturity continuum we acknowledge the relative nature of excellence and rely on the extensive body of

research conducted by Carnegie Mellon University in the development of the "Capability Maturity Model".

The aforementioned model focuses solely on process maturity which is not sufficient when considering the pursuit of operations excellence. The benefits of operations maturity are well understood by IT professionals with the IT infrastructure maturity model from Gartner having become a reference point over the years.

At Rethink we have witnessed the sustained benefits of operations maturity experienced by our clients over the last 15 years.

These benefits include improved quality, control, compliance and the ability to innovate. Operationally mature organisations are agile yet organised. The ultimate beneficiary is client or customer attraction and retention together with the associated earnings.



Participating in the Rethink OEMI survey

Identified participants will be invited to take part in an electronic survey which should take approximately 10 minutes to complete.

The survey will be conducted every six months and all participants will receive a full feedback report which

will be summarised in the Rethink newsletter. This report will indicate the collective results of the survey and not reveal individual business participants.

Participants can request their own businesses relative assessment and

insights to improvement opportunities that are evident.

Please be assured of the utmost confidentiality of this survey with regards the participants' responses and the feedback reports.



Structure of the Rethink OEMI survey

The OEMI assessment is divided into the same four pillars that make up the TPI framework: **Processes, Productivity, Organisation alignment & Performance monitoring**. Each pillar will carry equal weight in the OEMI make-up. Participants will be asked to indicate

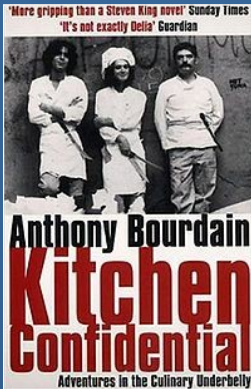
by rating (1: Definitely Disagree to 5: Definitely Agree) their *perception* of their business' current state in relation to each particular statement. We ask that participants indicate their *initial* perception as this provides a more valuable reflection of the current scenario.

Participants will also be asked to indicate their *perception* of the importance of rating highly on the particular question.

The survey will have no more than 20 statements requiring assessment and can be completed within 10 minutes.



Book Review: Kitchen Confidential: by Anthony Bourdain



As a child my family's menu consisted of two choices: take it or leave it.

Buddy Hackett



Part of the secret of success in life is to eat what you like and let the food fight it out inside.

Mark Twain

As business operations excellence and improvement specialists, we at Rethink appreciate that a successful kitchen depends on the same pillars as any other successful operation in business.

Where Bourdain refers to “*economy of movement*” in his kitchen, we at Rethink refer to “Operation Maturity” requiring optimal planning, efficiency, productivity or workflow, measurement and organisation of work designed to meet the business objectives.

Chef Anthony Bourdain’s memoir ***Kitchen Confidential: Adventures in the Culinary Underbelly*** takes its readers inside the unglamorous world of the commercial kitchen and its cast of strange characters.

In an interview documented by Harvard Business School (<http://hbswk.hbs.edu/>) Bourdain describes a restaurant kitchen as an intense, unpleasant and often hazardous place of work staffed by what he describes as “*misfits operating in crisis mode*”. However, he observes that it is this crisis that builds solidarity and brings out the very best in each employee.

Kitchen Confidential has been on the ***Business Week*** best-seller list as managers have taken note of Bourdain’s sometimes unorthodox strategies for building and leading superior teams. Through his obser-

ventions and experiences recounted in his book, Bourdain shows how running a kitchen and running a business may well contain common lessons for successful management.

According to Bourdain, “*the kitchen is one of the last true meritocracies, where you are judged entirely on job performance.*”

Team work, therefore is crucial to a successful kitchen – where everyone knows his job and where each cook is loyal to his co-workers.

There is a desire to do well and to be seen to be doing well. “*You can’t be seen as a clock puncher in a good restaurant. You have to care. If you don’t, you lose your status in the little society. You’re seen as a traitor and a liability*” says Bourdain.

One of the terms used by Bourdain is “*economy of movement*” where the cooks move as little as possible so efficiently reducing their energy and stress level. In his kitchen, Bourdain observed that the cook with the best movement economy was the most deliberate, precise technician in the kitchen and should be admired and copied.

Certainly, a certain level of swiftness is required but more important is efficiency. Above a certain level, too much speed results in more errors. The most valuable cooks are the ones who never look as though they are working hard or

breaking a sweat – the food always makes it to the service window in perfect form and in perfect time.

Bourdain emphasizes that the role of a confident head chef in a busy kitchen cannot be underestimated – people have to know that the chef is on top of things – that he is watching at all times. “*They have to see him watching and thinking, and they have to do the same as well, so that everybody is looking back, and above, and below and to the sides*”, says Bourdain.

All these factors are important contributors to a well-planned, organized, structured and well-run restaurant kitchen (as they are in the business world). For Bourdain, an efficient restaurant is one that “*has its choreography together*” – dishes arrive hot, on time and in the proper order, the food quality is consistent and the waiters look proud. It is this factor that gets loyal customers coming back time and time again.

Kitchen Confidential while alternating between a confessional narrative and an insightful and humorous comment on the restaurant industry, suggests that a chef uses tools to get the best out of his team that wouldn’t be out of place in big business.

It is an entertaining and worthwhile read.