

Transformation Execution StrategiesSM

Insights to empower you to transform enterprise performance

A Case For Industry-Neutral Enterprise Model

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Context:

The future of enterprise performance will owe much to the development and deployment of enterprise models.

The 1990s saw most IT functions systematically structured and componentized. By the end of this decade, much of the rest of an enterprise will have also become structured and componentized. Once a process or function is componentized, it is a natural candidate for commoditization. This drives down its costs and drives up contained innovation wherein the commoditized function is undergoing innovation while still within its feature-boundaries.

For an enterprise, componentization and commoditization of its functions, particularly in its SG&A domains like IT, F&A, HR, Supply Chain and Customer Care, is good news, especially for processes that are competitive non-differentiators. This frees the enterprise leadership to focus on guiding the business to newer horizons without being shackled by a bloated and/or sluggish SG&A.

In the early 1990s, two organizations, the former firm of Arthur Andersen and American Productivity and Quality Center (APQC), a 27 year old non-profit organization credited with pioneering the Malcolm Baldrige Award, pioneered an industry-neutral model of an enterprise. The idea somehow languished, and in 2003 it was resurrected thanks in part to Boeing Co., Boehringer Ingelheim GMBH, BT Group plc, Ensco International Inc., Ford Motor Co., IBM Corp., Schlumberger Ltd., Solvay S.A, and the U.S. Navy. The resulting output is the Process Classification Framework (PCF), a high-level, industry-neutral enterprise model that allows enterprises to see their activities from a cross-industry perspective.

Using the PCF affords strategic and tactical benefits to your enterprise.

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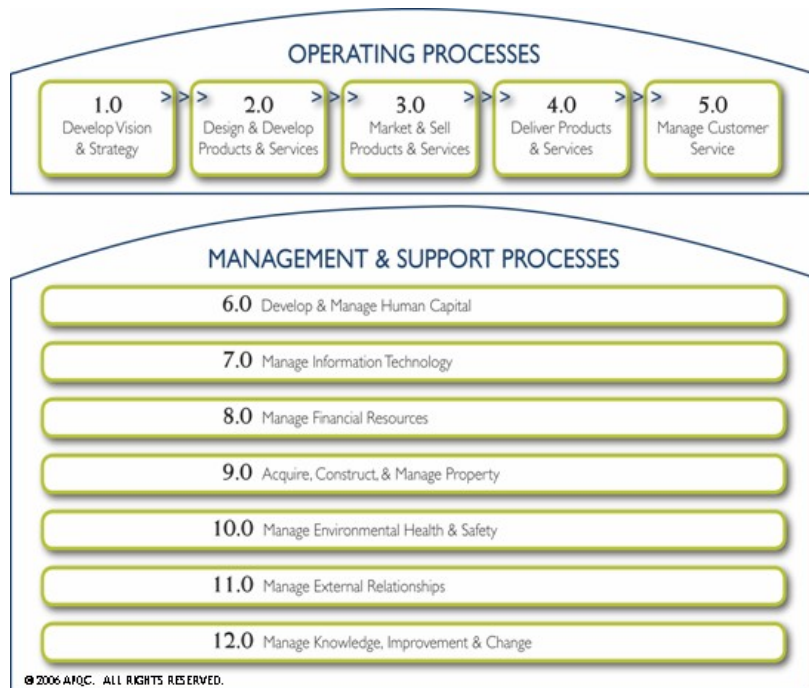
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Analysis:

The PCF, a standardized process framework, is represented below:



The PCF represents an ongoing global initiative to develop commonly used processes, measures, and benchmarks that are available to participating organizations worldwide to improve performance. Hundreds of global firms participate in this effort. Almost 2000 firms in all leverage this capability.

Additional information can be obtained directly from APQC. APQC's website is at www.apqc.org

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Take Away:

Enterprise leaders look for ways to simplify their performance model and level the playing field with regard to non-differentiating functions so they can compete based on competencies that differentiate them from competitors. APQC's PCF and allied capabilities helps address the former.

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Mentioned in this Research Update:

Individuals: None

Organizations: American Productivity & Quality Center (APQC)
Arthur Andersen
Boeing Company
Boehringer Ingelheim GMBH
BT Group plc
Ensco International
Ford Motor Company
IBM Corporation
Schlumberger Ltd.
Solvay S.A
U.S. Navy

Websites: www.apqc.org

Publications: APQC's Process Classification Framework (PCF)

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Our Clients leverage the integration of our expertise, intellectual property, tools and guidance to achieve or surpass their SG&A performance targets. First Kernel has developed the industry's first *Enterprise Performance Transformation System*TM, currently pending a United States patent.

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