

By John P. Collins, CFPIM, CSCP, and Eric P. Jack, Ph.D., CFPIM, CSCP

# Top Rank

## Ensuring your company's world-class status

**W**hat does it take for a company to be a world-class manufacturer? And how should one go about assessing a particular organization? Anyone who has recently attained an APICS Certified in Production and Inventory Management (CPIM) or Certified Supply Chain Professional (CSCP) certification likely would turn to the APICS course work to find the answers. Interestingly, this review could lead to even more questions.

### Know your customers

First, a world-class manufacturer in any industry must continually ask, "What do customers in this industry segment want?" To some extent, the answer delves into marketing strategies that determine the right product, at the right price, promoted in the right manner, and provided in the right place. These strategies are important because they help in the development of a business plan that is carefully chosen from the competitive landscape of quality, responsiveness, cost leadership, and differentiation options.

Many strategic thinkers will argue that, to be a world-class manufacturer, the underlying business strategy must be one that is sustainable. In addition, it must differentiate the business in the eyes of its chosen customers. Note that these business tactics are the cornerstones world-class manufacturers use to leverage strategic fit among their chosen strategy, their core competencies, and the needs of customers in the marketplace.

Simply stated, if there is no market for a particular product or service, a manufacturer of that product or service cannot be world class—even if this company is theoretically the best. Consider the case of Chrysler, which, despite tremendous strides in

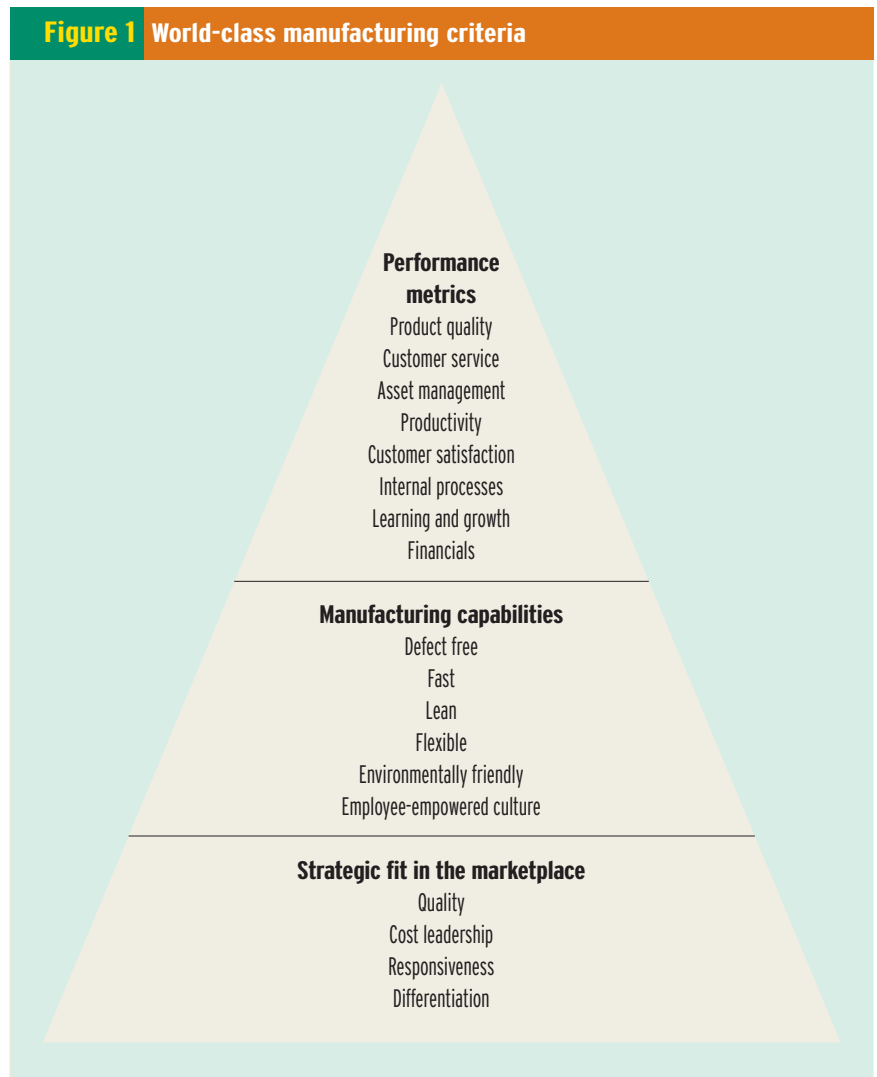
improving productivity and quality, makes too many cars that customers simply do not want to buy.

### Know your abilities

A world-class manufacturer must answer a second question: How should the business consistently deliver these products and services to the customers? Professor Rene T. Domingo of the Asian Institute of Management, Manila, says world-

class manufacturers should learn to effectively use a set of manufacturing capabilities in five areas: defect-free, fast, lean, flexible, and environmentally friendly.

To these, the authors of this department would add an employee-empowered culture, in which the organizational structure and internal processes are driven by motivated people who are empowered to systematically make the changes necessary



to meet and exceed customer expectations. Business leaders who are able to combine these six manufacturing capabilities into a distinct set of core competencies can differentiate their products and service offerings in the marketplace.

#### Know your metrics

Even if a company does exceptionally well with the first two questions, mastering this last one is an absolute must if business leaders aim for world-class status: How does this company perform? Simply stated, the right business strategies and manufacturing capabilities do not matter if a company has poor performance results.


There are many approaches to measuring world-class manufacturing performance, such as product quality, customer service, asset management, and productivity.

There also are performance measures embedded in the Malcolm Baldrige National Quality Award criteria for performance excellence and in Kaplan and Norton's balanced scorecard. The scorecard requires organization leaders to measure performance in the areas of customer satisfaction, internal processes, organizational learning and growth, and financials.

Over the next several months, this department will examine each of the three previously asked questions to determine not only which firms are world-class, but also how they got there and what their leaders have done to help them succeed.

In the meantime, we challenge all organization decision makers to use their basic APICS knowledge to begin

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a dialogue at work assessing each firm's world-class status. 

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