



A. C. MACRIS CONSULTANTS

# UPDATE

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## HIGHLIGHTS

America is engaged in a great struggle. This struggle is quite different, we are attempting to secure our freedom, protect the nation, and safeguard the economy. In today's world, though the adversary is not as well defined. Our freedoms are challenged from within as well as from external sources. The struggle is not confined to geographic boundaries or an enemy with a particular uniform or political system. Protecting our nation and safeguarding our economy could be a large-scale natural disaster along with a destabilizing event elsewhere in the world. The threat may not be military but economic— countries who beat us at our own game.

The game has changed. The old paradigms of conflict and threat along with the subsequent response no longer are sufficient or adequate. More importantly, the conflict is not just military. The conflict needs to be fought by the military, civilians, generals and CEOs.

The old two-dimensional model of compete and perform is flat and inappropriate. This means that there is a lack of clarity on business' changing leadership role as the primary economic stakeholder, a reluctance to engage with government and academia in searching for solutions, varying degrees of awareness of the direct and indirect risks, and limited recognition of changes in business practices. We think we have a better three dimensional model in C-P-P.

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## Gaining and sustaining a competitive advantage in the 21<sup>st</sup> century

— The new reality of leadership and business —  
A Framework that ensures an organization remains a competitive leader

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This newsletter is the first in a multi-part series focusing on a contextual framework, whose origins can be traced to the long-established need for a stable approach to organizational excellence. It draws as well on the shocking effects of 9/11, which served as the catalyst that triggered a multi-year effort to bring this framework to fruition. Behind this framework are decades of experience working with clients in varied industries and contexts, formal research and its application to the types of challenges faced by industry in the private sector and our government in securing the homeland. As we speak, research continues to come to fruition in areas such as security background checks for employees in sensitive areas and methods for enhancing the ability of civil authorities to collaborate effectively with the military/federal government following major disasters. By bringing together countless lessons learned over decades of management, information technology, security and related consulting experience, with cutting edge applied research, we were able to identify new distinctions and craft novel approaches to the challenges we face at the start of a new century.

### Introduction

This edition of Update introduces a novel approach to achieving and sustaining a competitive, secure, performance-based advantage in the marketplace. We summarize the results of a three-year effort to define a contextual framework, which holds up even as internal and external changes, events and trends continue to challenge business leaders and the organizations in their charge. The search for new distinctions, which ultimately led to development of the framework, was triggered by the instability of national and international markets as the last century ended. This instability resulted from factors including Globalization, the emergence of China, deregulation, off shoring, E-Commerce, the dot-com boom and bust, traditional business cycles and the terrible events of September 11, 2001. Add to this mix the string of management philosophies and methodologies such as downsizing, up sizing, right sizing, thriving on this or that, and a myriad of other elixirs, and it often seemed like the business world was experiencing managerial and leadership fibrillation.

The final push in our search for a better approach came courtesy of our involvement in the post-9/11 initiatives by the Federal government to recruit industry in its efforts to protect the national economy in general and the national critical infrastructure in particular from the threat of terrorism. As we studied the situation, conducted studies and pilot projects, and discussed what was transpiring in various companies and industries, it became apparent that over the past decades a long line of trends, development and events had shifted corporate attention in a circle that went through competition (think globalization), performance (IT revolution) and protection (security). We realized that while change and adaptation are necessary and can be very positive, they can also be very disruptive to competitive vision, implementing strategies, effective planning and reasonably stable operations across industry domains. This realization then was the genesis of what has

come to be known as the Compete-Protect-Perform (C-P-P) contextual framework, a novel organizational leadership and management approach designed to deliver a stable framework for actualizing organizational vision during stable and highly dynamic operational, market, economic and political conditions.

### **Development**

Over the past two years, we have been applying and learning from C-P-P as we went about our traditional consulting engagements. The difference this time was that we were both actors and observers, watching events and activities, even as we participated and lived within the environment that they were affecting. While a full discussion of our observations, findings and lessons learned are beyond the scope of this newsletter, a few examples may provide a point of reference. The first comes from the manufacturing sector, which has been under immense pressure from economic trends, foreign competitors and others who shifted some or all of their manufacturing plants offshore. While for the Federal government, protection in the post-9/11 era is about security and terrorism, our findings indicated that Protection, for many manufacturers, focuses on protecting market share and margins from the effects of competition in general and foreign competition in particular. The Protection component of C-P-P in this case focused on the greatest threat to the organization's vision, growing foreign competition, while not ignoring concerns over security.

Formerly regulated monopolies, such as telecommunications, gas and energy, provided interesting cases for C-P-P. These industries represent significant components of the national critical infrastructure, which makes them, according to the Department of Homeland Security, potential targets for terrorists. In older days, when costs could be passed to customers with limited service provider choices, the decision to invest more dollars to improve security would have been a given. In a growingly competitive market, the decision is more complex than that, because Protection encompasses more than security. It includes the protection of market share, as new players enter the market. Just as important is the move within some industry segments to separate producers from distributors, i.e. electric production from energy distribution and delivery to 'the curve'. These changes translate into situations where a producer relies on the distributor, which in turn needs the grid to transmit the power to the consumer. In this environment, the need to protect generating assets while securing distribution systems, enhancing performance and remaining competitive have and will continue to affect industry players. In such diverse, yet interdependent operational environments, keeping track of issues affecting Competitiveness, Protection and Performance requires a stable yet adaptable framework that can capture, analyze and respond to internal, external, direct and indirect effects, while remaining focused on achieving the organization's vision.

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To illustrate the nature of today's operating reality, we developed the image (next page), which captures many of the events, trends and drivers of the past five years. The picture that emerges from these challenging times is one of a puzzle, with its attendant seams and fractures, but which together are reflective of the times. Several years ago, my colleague Tony Ameo and I came up with the following statement "There are few mysteries in business, rather there are puzzles, and that we help organizations fit the pieces of a puzzle together." While that concept holds true in today's world, the puzzle has become more complex. At the time, the puzzle's boundaries seemed to be set in two dimensions related to Competition and Performance. What was tragically unclear to most in industry and government was a third component: Protection. On 9/11, Protection suddenly became the most visible and urgent component, triggering reappraisals of what had been and was being done to protect the country, its economy and population. The question we should ask is whether the events of 9/11 were reflective of a new threat or whether that was simply the date on which we became aware of what had been threatening us for many years!

Ten years from now, some of the fractures in the puzzle may be less visible, new pieces will become apparent and the picture will have changed, which begs the question of what future leaders will do then, if their predecessors went about implementing management systems and practices that are anchored in today's operational reality.

The C-P-P framework is designed to mitigate the risks associated with processes, systems and organizational drivers that anchor an organization in time, undermining its future ability to respond to evolving challenges and opportunities. It also solves the 'approach du jour' response to crisis and market changes, which would have organizations re-invent themselves every few years in response to the dynamic nature of our competitive environment. C-P-P provides the stable framework that can absorb the buffeting of unforeseen events and relentless market forces, and still respond quickly and judiciously by protecting what is of value, while making adjustments as necessary to achieve high productivity and enhance the organization's competitive posture.

### **Defining C-P-P**

The process of formalizing C-P-P included dialogues with colleagues, reviews and input from experienced business executives, academics, professionals from a variety of industries and fellow consultants. Their input and support cannot be over-emphasized. They also provided us with the types of questions which we were likely to encounter, and these were compiled in a Frequently Asked Question (FAQ) format. Some of the most salient questions and answers are listed below. We trust that they will contribute to your understanding of CPP, and its function and role in organizational excellence. For more information we invite you visit our respective web sites listed at the end of this article.

**What is C-P-P?**

C-P-P is a framework that lays out a structured approach for analyzing events, trends and changes, internal and external, with a bearing on the ability of an organization to achieve stated objectives.

**Does C-P-P rely on a standard menu of items, is it a check-list approach?**

It is important to realize that C-P-P is not a formula or commodity that can be 'cookie-cut' to fit every engagement. It is a framework, as opposed to a model or checklist; consequently, C-P-P was created and designed for the executive leadership team and their organization at its core. Since each leadership team-organization is different, so is the specific portfolio of activities, services and toolsets that we deliver during an engagement.

**What do you mean by a framework?**

A framework is a set of rules that, in this case, define a structural approach for evaluating and breaking down events, trends and other change producing factors into qualifiable and quantifiable variables. The process begins with a core set of C-P-P variables, which have been found through research and analysis to play an important part in thoroughly characterizing the event, trend or change agent. To this set are added other factors, many of which are obtained from the organization of interest.

**Why is C-P-P referred to as a contextual framework?**

The framework is contextual because, while it is consistent, its strength is due in large part to its adaptability to specific conditions, environments and circumstances. In other words, the conditions under which it is applied and to which it adapts define the context for its application. This is critically important because once in place, it can be used and adapted over time, based on contextual changes. For example, an engagement may begin during times of economic prosperity and peace, but, as witnessed in the immediate aftermath of 9/11, quickly change into one of economic downturn and conflict. The framework itself would not change, but evaluation, analysis and response would, guiding management to continued effectiveness and success.

**What are the primary benefits of C-P-P?**

C-P-P establishes a new way of thinking about how to prepare for and evaluate business success. C-P-P integrates Protection into the business process whereas security post-9/11 was addressed as an add-on. C-P-P maximizes business competitiveness, while protecting investments and improving performance. It creates sustainable growth, shareholder value, profitability, market share, and ensures financial success, orchestrated by proactive planning even though uncertainties abound.

**Final Thoughts**

Over the past decade, my colleague Ozzie Paez and I have used a methodology for testing ideas that relies on a traditional question-answer paradigm. In essence, we 'interview' one another as a means to extract important

thoughts and distinctions, which we can then use in our work. As this edition of Update went to press, Ozzie and I conducted such a session. One of my questions and his answer proved particularly relevant and is included below.

What are the implications of C-P-P for traditionally overhead functions, such as Security, Environmental, Health and Safety?

For decades, SEH&S professionals have struggled to make a convincing case that safety, health and environment should be considered within an overall corporate strategy. They have also attempted to demonstrate how these traditionally "overhead" functions can and do contribute to profitability. These efforts have met with varying levels of success, as have efforts to deal with evolving security concerns in the aftermath of 9/11. The C-P-P framework takes a different approach, which does not seek to hammer non-revenue generating functions into profit-generating activities.

C-P-P views the organization as an engine driven to achieve the competitive vision set forth by its executive leaders. How those executives arrive at the vision is not as important as having a compelling vision that stakeholders can understand and buy into. In some

organizations, the vision will come from a few individuals, while in others, there may be extensive outreach intended to bring others into its development, including employees, customers and surrounding communities. While the relative merits of each approach can be debated, from a C-P-P perspective, the approach is not the issue; the vision is. Once established, C-P-P seeks to ensure that all aspects of the organization align with the vision.

In the C-P-P context, functions such as Safety, Environment, Health and Security are considered within each sub-framework, i.e. in terms of their ability to contribute to competitiveness, protect the organization and deliver high performance. Thus, safety professionals will be challenged to define their contributions by adding what they contribute in the three areas, i.e. C + P + P = Value to the organization. Even when a particular function is mandated by a law, regulation or agreement, the compliance approach is still evaluated in this matter. Thus, every function in the organization, from design to production, purchasing to sales, and HR to compliance is evaluated in a consistent manner. The distribution of the contributions may change depending on the function, i.e. Sales is more closely related to competition than is Regulatory Compliance and thus would contribute a greater share of its value to Compete, but all functions are expected to be carried out so as to maximize their contributions in all three areas of organizational excellence, Compete-Protect-Perform.



The bottom line is that SHE&S functions and other overhead activities would over time be considered by those charged with carrying them out in the same manner that a production manager would consider the output of the processes in his charge. Similarly, managers and executives that are not directly involved with these functions would nevertheless recognize what they contribute because those contributions would be defined, captured and presented in a manner consistent with profit generating activities. In the C-P-P worldview, it is all about the vision and all functions are defined, measured and judged in terms of their contributions to its achievement. **There are no orphans in C-P-P.**

#### **Conclusion**

The message of C-P-P is that business leaders must learn to think about their business as a three-dimensional model built on Competition, Protection and Performance. It is no longer good enough to think of business in the two dimensions of competition and performance or to treat these areas as distinct. Moving from two dimensions to three dimensions requires a high level of commitment and demands enhanced leadership skills. Implementing a culture of C-P-P yields benefits that with or without a threat or event yields significant returns on the investment. Perhaps the most important advantage of C-P-P is knowing that the organization will be functioning within the framework of competing and performing while protecting its assets (human and physical), supply chains, and other factors even when an emergent threats appear.

In the next newsletter, we will discuss other aspects of C-P-P and its application to a variety of contexts. In the meantime, we urge you to call us if you have any questions or would like to discuss the applicability of C-P-P within your own organization and industry. Finally, you can also access our web sites to get the latest news and information on what C-P-P has to offer.

For more information on C-P-P please visit our web sites at [www.acmacris.com](http://www.acmacris.com) or [www.simplicitydata.com](http://www.simplicitydata.com). We also have a very dynamic online C-P-P presentation we can send you via email - please call or email us at:

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