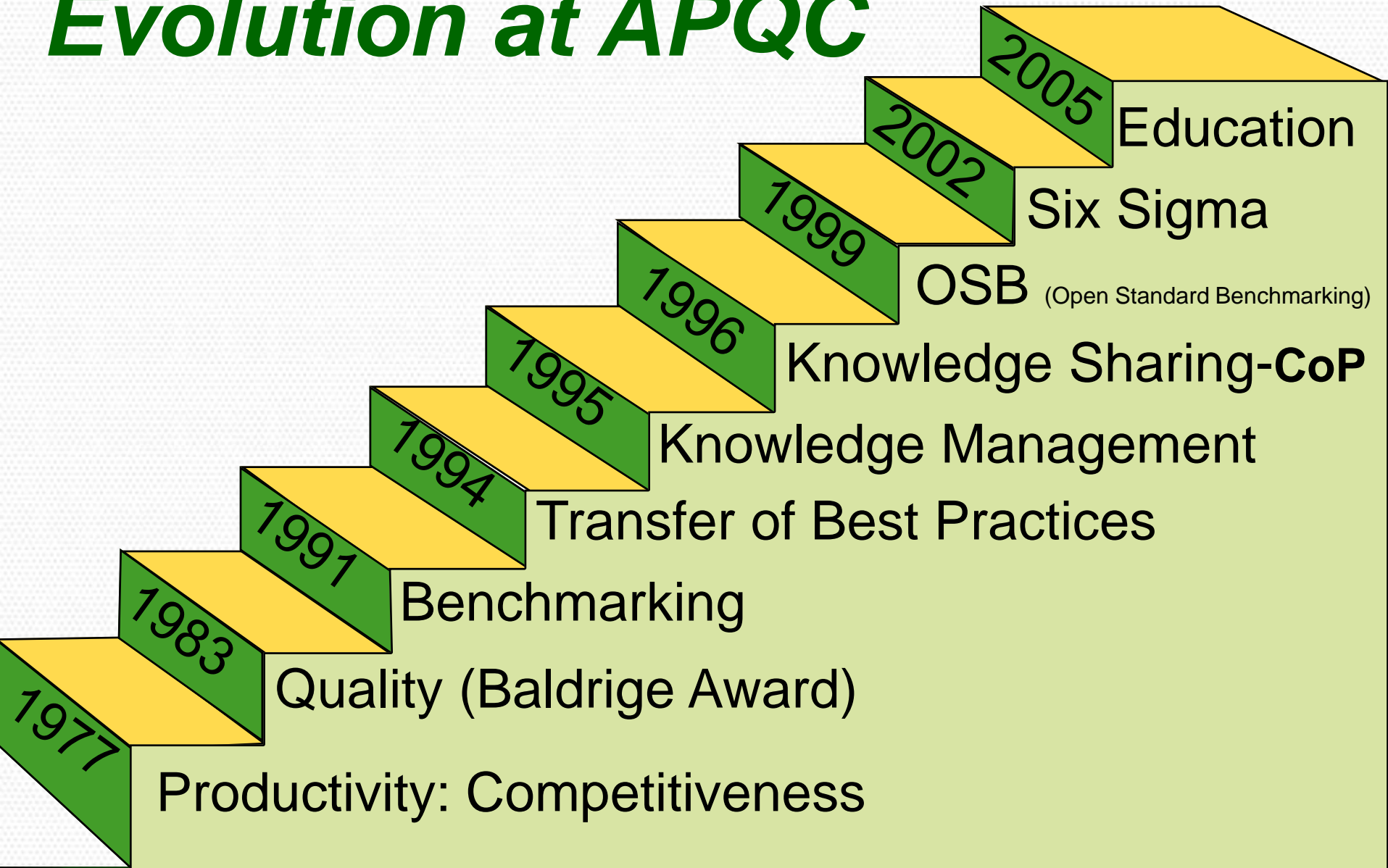


GAINING THE COMPETITIVE EDGE BY FOCUSING ON PROCESS, PRODUCTIVITY, AND QUALITY



Dr. Jack Grayson
Founder and Executive Chairman
APQC

Evolution at APQC



APQC Today

- Staff Size: now 69
- 426 Members
- 43 Female Staff (62%)
- 2014 Revenue Forecast:
- \$13.7 million
- Has won 8 MAKE Awards

Which of these cities is the potato chip capital of the world, based on consumption?

(a) Detroit

(b) Green Bay

(c) Atlanta

(d) Tulsa

(e) Nashville

**100 year war—how many
years did it last?**

(a) 95

(b) 100

(c) 87

(d) 116

(e) 101

30 year war—how many years did it last?

(a) 45

(b) 30

(c) 31

(d) 25

(e) 34

Where did “OZ” name come from in The Wizard of OZ?

- (a) beer name**
- (b) city in Australia**
- (c) pulled letters from a hat**
- (d) file cabinet drawer label**

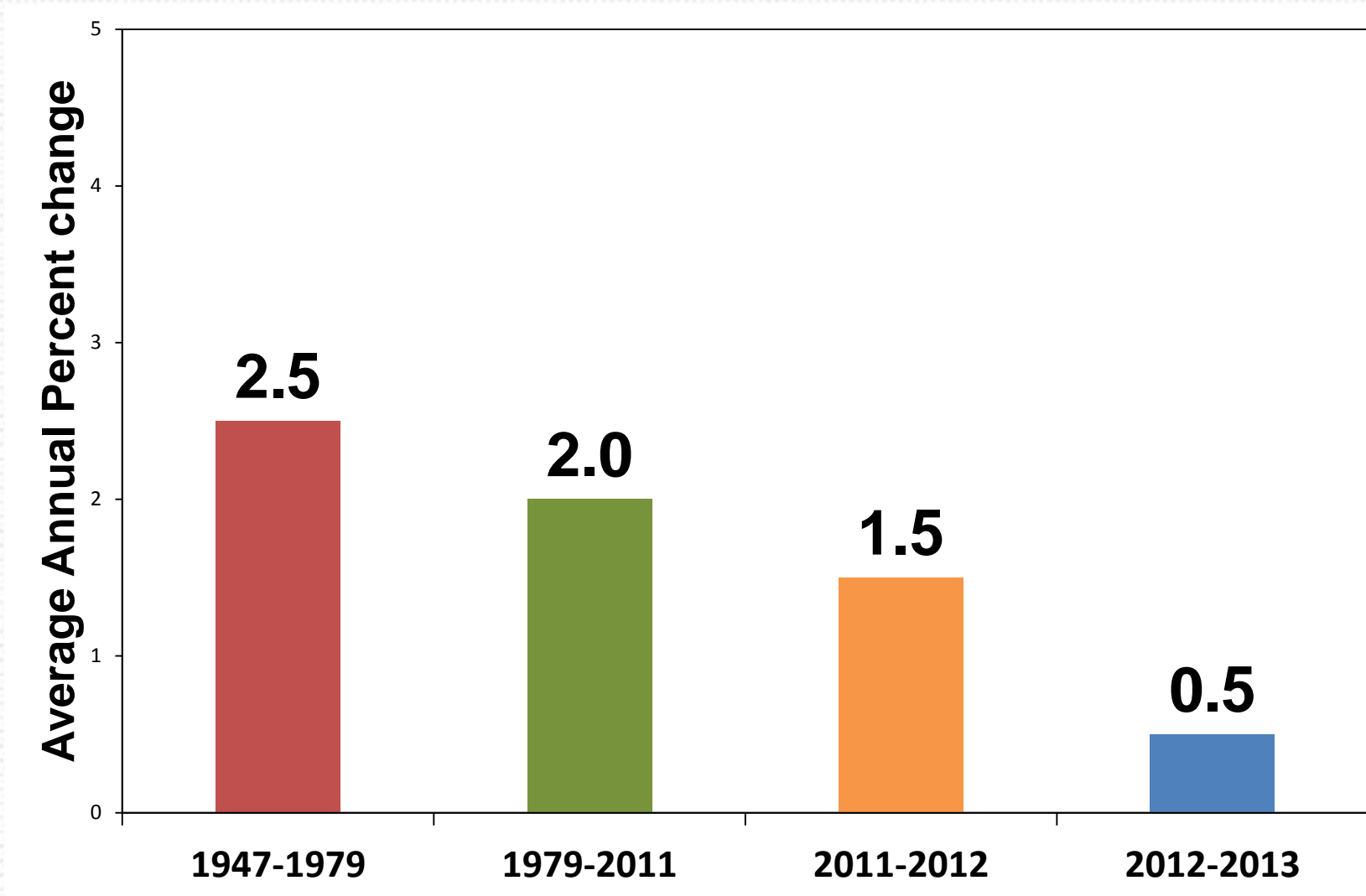
**How is our world wide
competitiveness working
now?**

**Is it in decline in
the worldwide
economy?**

(For discussion)

U.S. Productivity Growth

Nonfarm Business Sector



The U.S. non-farm productivity growth rate for 2013 was:

(a) 0.0%

(b) 0.5%

(c) 2.9%

(d) 0.8%

(e) -0.3%

In 2000 it was 3.3%.

New York Times Editorial: 9/6/05

“The U.S. can still prosper in world where it’s labor costs are higher than competition.”

“But it cannot do that if cheaper workers abroad are also better educated.”

We're Number 32!

America the Self-Destructive

Ranking 34 countries by tax competitiveness

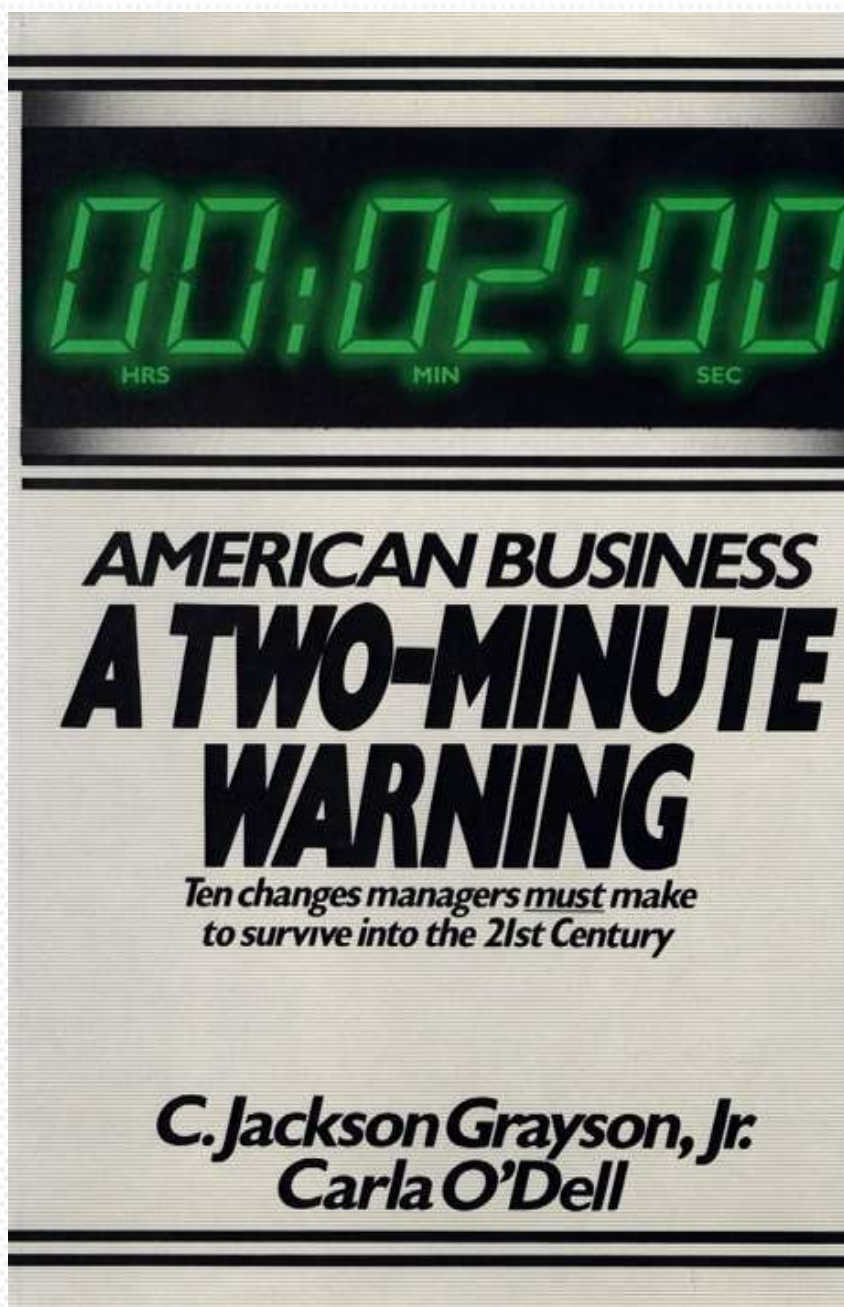
1. Estonia	9. Turkey
2. New Zealand	10. Slovenia
3. Switzerland	11. Ireland
4. Sweden	20. Germany
5. Australia	21. United Kingdom
6. Luxembourg	25. Japan
7. Netherlands	32. United States
8. Slovak Republic	34. France

A new global index highlights the harm from the U.S. tax code.

The Economist: July 19, 2014

- **Supply of U.S. workers and rise in productivity have both fallen short.**
- **The IMF cut its estimates of the potential growth rate to 2%...some 1.75%**
- **Potential growth barely half of what it was two decades ago.**

1988



Two-Minute Warning

Lessons from History

- **Initial size is not a predictor of the winner**
- **Small changes add up**
- **Don't overlook relative growth**
- **Gainers focus on quality**
- **Gainers copy, adapt, and improve**

Two-Minute Warning

Lessons from History

- **Gainers focus on application**
- **Gainers have the “eye of the tiger”**
- **Leaders become complacent**
- **Failure to adapt is a death sentence**
- **Losers don’t die—they just fall behind**

**Are these indicators
signaling America's
creeping death?**

**If it is decline, or in danger
for the future, can it
be fixed in the near future?**

My answer is:

We're in a dangerous stall
before a fatal spin and spiral
down— **if we don't change**

My estimate: we lose the
leadership in 15 years

One problem is
working with individuals
and organizations still partly in
the Industrial Age and also partly
in the Process Age

Industrial Age management has ruled for a long time in the economy

- **Adam Smith, Frederick Taylor, Henry Ford**
- **Mass production system**
- **Bureaucratic; time consuming, wasteful**
- **Functional Silos—Chimneys, Castles, Walls**
- **Specialization; Isolation;**
- **Top down control; Inspection—not prevention**
- **Outcomes only—Profit, EPS, Market Share**

Then Came Process Management in the 1990s and 2000s

- *Machine That Changed the World*, James Womack, et.al. 1990
- *“Reengineering Work: Don’t Automate. Obliterate”* Michael Hammer-HBR, 7, 1990
- *Beyond Reengineering*, Michael Hammer, 1996
- *The Agenda*, Michael Hammer, 2001



**Process
Age**

**Industrial
Age**

**Can Industrial Age
management work together
with an expanding process
world?**

**I think they can--but it isn't easy
to do.**

**It creates problems for both the
Process and Industrial Age world
that often conflict.**

Examples

Control	.....	Empowerment
Functional	.....	Integrated
Individuality	.....	Teamwork
Competition	.....	Cooperation
Product	.....	Process
Centralization	.....	Decentralization
Short Term	.....	Long Term
Top-Down	.....	Bottom Up
Planned	.....	Flexible

I call these “paradox” or “both-and” problems

- **Process and Outcomes**
- **Productivity and Quality**
- **Improvement and Accountability**
- **Practice and Policy**
- **Scientific Based Research and Practitioner Research**

Which of these nations was judged to have the sexiest men in a survey of 5,000 women in 14 nations, (by Harlequin Enterprises, publishers of romance novels)

- a) Greeks**
- b) Italians**
- c) Americans**
- d) Canadians**
- e) Australians**
- f) French**

A “Pareto curve” is a:

(a) Versace dress

(b) baseball pitch

(c) hairpin turn

(d) fractal

(e) 80-20 mathematical function

(f) gravitational slingshot

In one survey, what percent of people surveyed said they cleaned their belly buttons every day?

(a) 2 %

(b) 50 %

(c) 11 %

(d) 7 %

(e) 38 %

(f) 16 %

What percent of American 17- to 24-year-olds would fail to qualify for military service because of physical, behavioral or educational shortcomings?

(a) 25%

(b) 44%

(c) 87%

(d) 71%

(e) 10%

How is education doing?

Same problem--Not so Good...

- **An agricultural school calendar**
- **Politicized, inept governance/regulations**
- **Few measures of productivity, quality, or process**
- **High turnover: teachers, superintendents**
- **An “outcomes-only” focus—not process**
- **No system—terrible international test scores**

Unfortunately, Education almost copied Industrial Management

- **Education leaders thought that if there was a science of industrial management, there was also a science of education, and organized the same way**
 - **The teacher would be a worker manning the production line**
 - **The student would be the product**
 - **The principal would be the foreman, the district office HQ, the Superintendent as the CEO**

U. S. PISA Rankings

65 Participating Countries

	<u>2009</u>	<u>2012</u>
• Reading	17 th	24 th
• Science	23 rd	28 th
• Math	31 st	36 th

<https://www.edsurge.com/n/2013-12-03-pisa-results-show-us-falters-in-math-and-science-reading-stagnates>

PISA Test Scores 2012

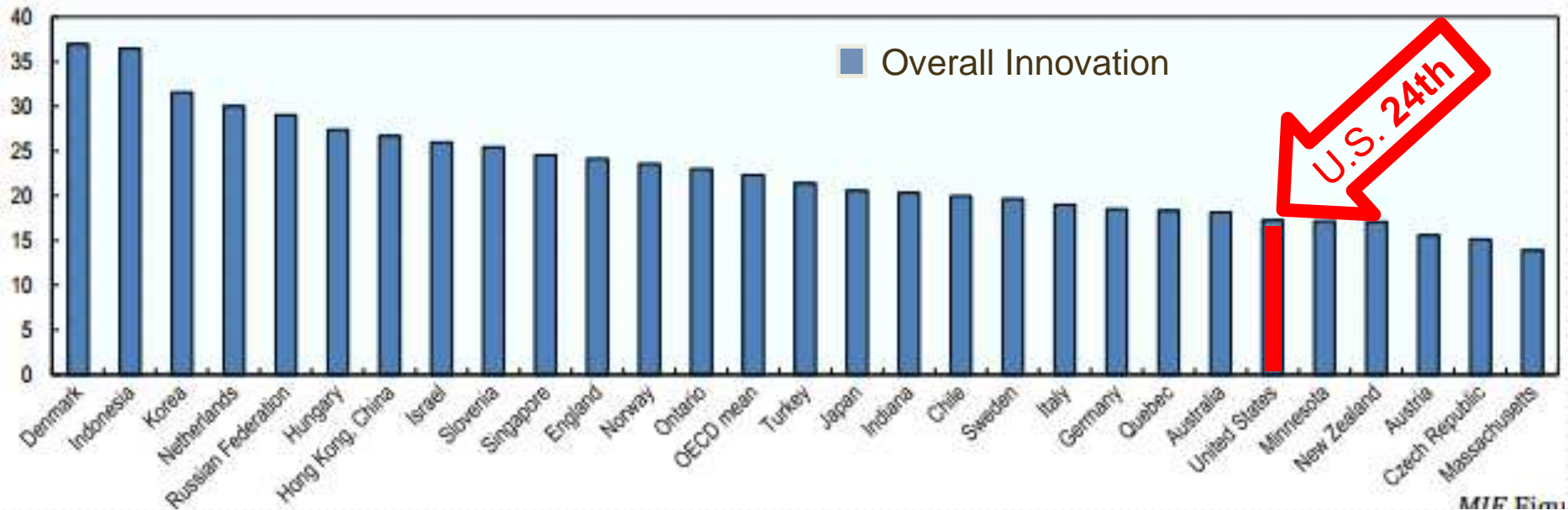
GLOBAL EDUCATION LEAGUE TABLE

Overall Rank*	Country/Economy	Mathematics Score	Reading Score	Science Score
1st	Shanghai(China)	613	570	580
2nd	Singapore	573	542	551
3rd	Hong Kong	561	545	555
4th	Taiwan	560	523	523
5th	South Korea	554	536	538
12th	Finland	519	524	545
26th	United Kingdom	494	499	514
36th	United States	481	498	497
61st	Jordan	386	399	409
62nd	Columbia	376	403	399
63rd	Qatar	376	388	384
64th	Indonesia	375	396	382
65th	Peru	368	384	373
*Based on 2012 PISA math score		Source:2012 Program for International Student Assessment, OECD		

Education Efficiency Index

Ranking	Country	Efficiency Scores	PISA rank (2012 Maths)
2	Korea	86.66%	1
5	Japan	83.88%	2
8	Australia	81.23%	9
11	UK	78.71%	16
19	USA	72.66%	22
25	Germany	67.01%	7
28	Switzerland	59.71%	3

Educ: OECD Innovation Index, 2000-2011



MIE Firm

Secretary Duncan on PISA 2012

“U.S. performance on the 2012 PISA is straightforward and stark:

“It is a picture of educational stagnation!”

Despite these warnings...

- **Education seems not scared enough or doesn't know how to make transformative changes**
- **And business, government, and foundations are not supporting or funding these changes.**
- **They just say “it's broken” or “my child is in a private school. We're O.K.”**

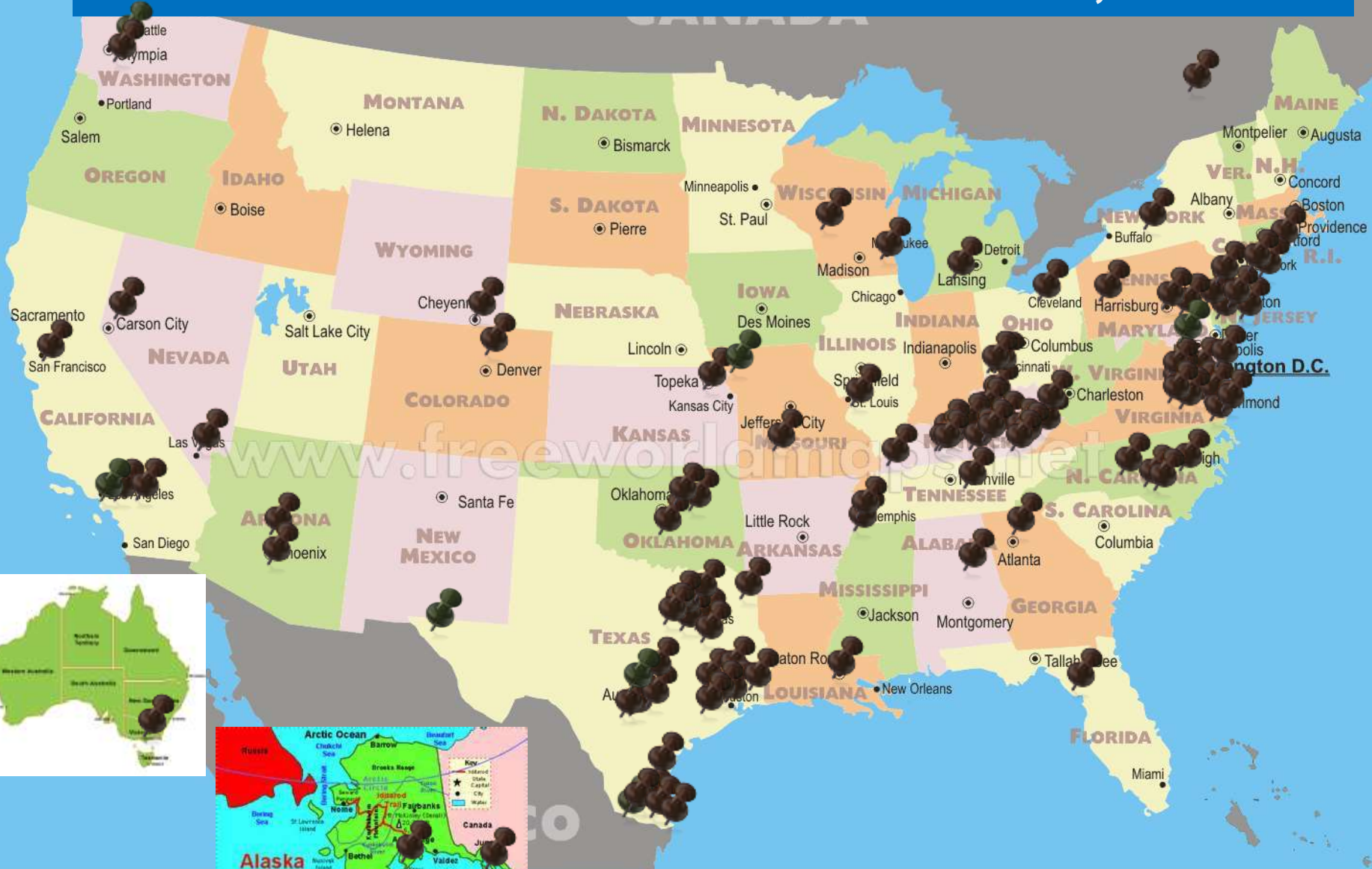
If it is declining, does it
seriously hurt the U.S.
world economic leadership?

I think so.

**So APQC started helping
K-12 education districts switch
from Industrial Age to Process Age
Process and Performance Management
in a project we call North Star**

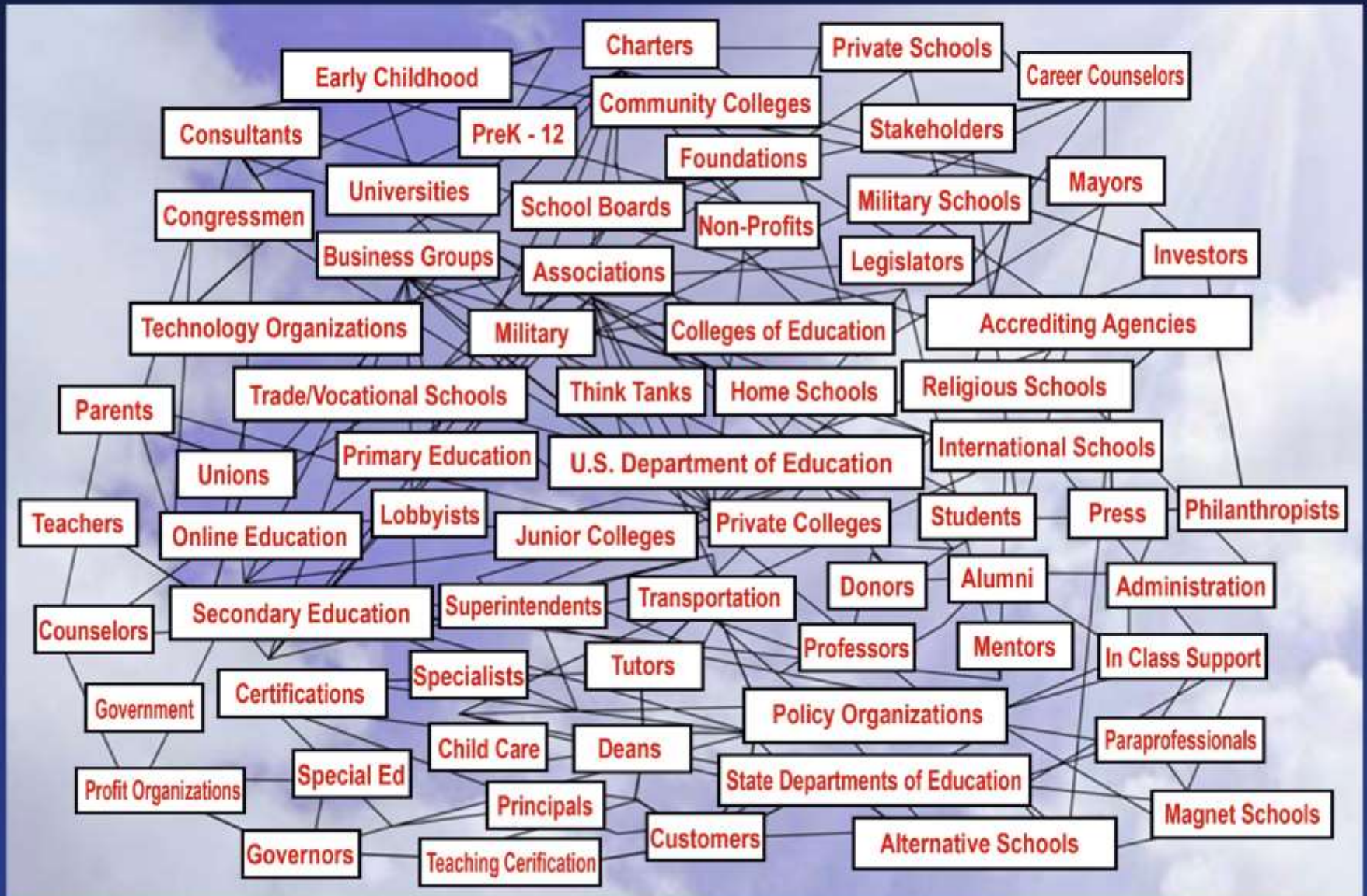
There are now
111 districts that have
have saved a total of
\$131 million (so far),
about \$1.2 million each

APQC Education North Star Community Now has 111 members as of Oct. 8, 2014



APQC now has decided
its next step is to help education
move from its Industrial Age
fragmentation
to become a transformed process
and performance linked system.

Education Fragmentation



32 Education Entities

Education Providers (10)

- | | |
|---|---|
| <ul style="list-style-type: none">• PreK-12• Universities – Public & Private• Community Colleges• Colleges of Education• Charter Schools | <ul style="list-style-type: none">• Private Schools• Faith-Based Schools• Military Schools• Libraries• Career/Tech Education (CTE) |
|---|---|

Stakeholders & Governing Agencies (22)

- | | | |
|--|---|--|
| <ul style="list-style-type: none">• Accrediting Agencies• Associations• Business Groups• Congressmen• Consultants• Foundations• Governors | <ul style="list-style-type: none">• Investors• Legal & Judicial• Legislators• Mayors• Parents• Philanthropists• Policy Organizations | <ul style="list-style-type: none">• Press• School Boards• State Depts. of Education• Students• Technology Organizations• Think Tanks• U.S. Dept. of Education• Unions |
|--|---|--|

APQC Transformation Plan

- Put full time individuals in each state that we will call “Hubs”
- Connect with entities and train in PPM
- Provide best practices from other sectors and continuous improvement methods
- Hold Regional and National Summits to help provide a linked, aligned, and collaborative national education system

The focus on process will lead to a **linked system, **efficient**, **empowered**, **innovation** and **higher performance** throughout the entire system.**

**To do this, APQC needs \$15.5
million dollars over five years.**

**This will allow us to cover costs
and be self-sufficient in year 6**

What were the names of.....

Franklin D. Roosevelt's dog?

Falla

Bill Clinton's cat?

Socks

Bill Clinton's dog?

Buddy

Judy Garland's dog in Wizard of Oz?

Toto

The Lone Ranger's horse?

Silver

Alexander the Great's horse?

Bucephalus

Barack Obama's dog?

Bo

We're the nation that has the
greatest freedom to change.

But we must have courage to act.

Freedom to Dream

Courage to Act

FREEDOM

TO DREAM

COURAGE

TO ACT

JOHN DEMERS AND PAIGE DAWSON



The First Nine Decades of C. Jackson Grayson

Freedom From:

- **Fear**
- **Poverty**
- **Censorship**
- **War**
- **Control**

Freedom To:

- **Be What You Can Be**
- **Dream**
- **Fail**
- **Speak**
- **Change the World**

Change is coming

- Deny it's happening
- Wait and see
- It never could happen to us!!
- Sing: "Nearer my God..."
- Change—Burn your candle on both ends

You are changing already!

- You are traveling at 700 miles/hour
- Your heart is pumping 5 quarts/minute
- Shedding 100,000 particles of:
 - ✓ Flaking flesh
 - ✓ Dandruff
 - ✓ Dead mouth tissue
 - ✓ Salvia
- Shake your head--500,000 particles fly
- Slow walk: you shed 5 million particles
- Exercising: you shed 30 million particles

**My candle burns at both ends:
It will not last the night;
But ah, my foes, and oh, my friends—
It gives such a lovely light!**

Edna St. Vincent Millay



Blend the New With the Old

Accept Chaos

Embrace Ambiguity

**Welcome
Probabilities**

Live with Paradoxes

Think Quantum

Personal Improvement?

Exercise Often

Eat well

Floss frequently

Embrace Laughter

Love Much



Be Glad You Are Alive

Wear Sunscreen!

Light your candle at both ends

- **Want What You Have**
- **Do What You Can**
- **Like Who You Are**
- **Just do it !!!!!!!!!!!!!!!!**

Or go sky diving!!!



End