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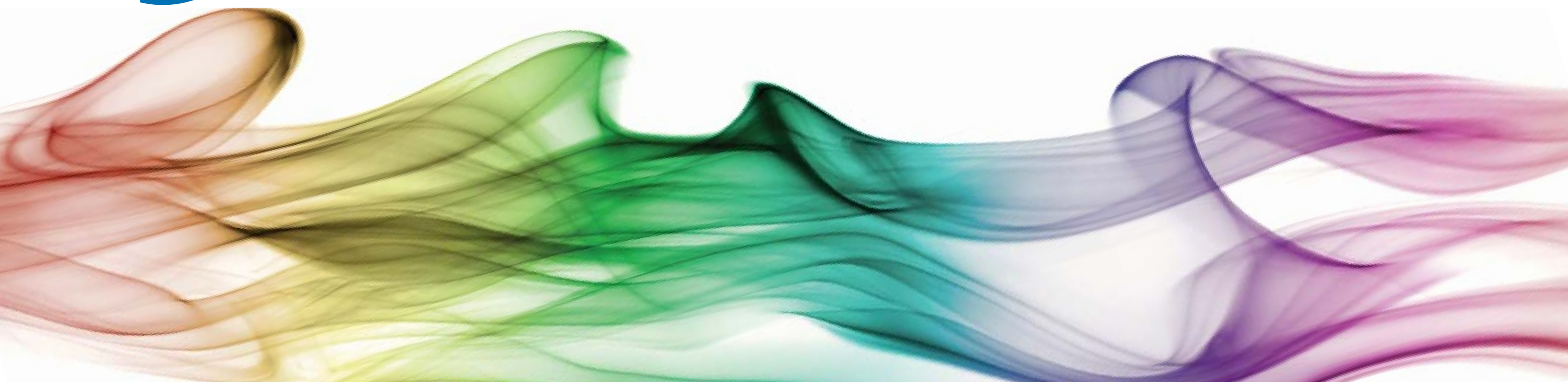

Answering The Conference Board CEO Challenge® 2012

Innovation Leads, Uncertainty Lingers

by Mike Adams, with Charles Brandon, Ph.D., Alka Jarvis, and Rebecca Yeung

For some organizations, "quality" remains a set of tools and techniques associated almost exclusively with quality control. For others, quality has evolved into a critical partner, closely linked with business model development and the enterprise-wide execution of long-term strategy to achieve results. The question remains: Is today's C-suite taking full advantage of its organization's quality executives and function as a way to answer its most pressing challenges?

Changing with the Times

During the past four years, members of The Conference Board Quality Council have shared approaches and practices that helped their organizations respond to the unique challenges they face, as outlined in The Conference Board CEO Challenge annual survey. If there has been one constant, it has been the necessity within the quality function for change to accommodate the evolving needs of the business. With the financial downturn in 2008–2009, efforts and recommendations were prioritized toward cost management, while continuing to focus on quality products and services and brand reputation. As more favorable economic signs emerged, efforts in 2011 coincided with a concentration on business growth. As the CEO rankings of challenges have changed over time, so have the rankings from today's enlightened quality executives and functions, displaying a stronger connection with strategy, along with a more systems-thinking, holistic view of the business—of enterprise-wide total quality—that can serve as an invaluable asset to meeting the business' ongoing challenges.

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According to the 776 top executives from around the world surveyed for *The Conference Board CEO Challenge® 2012: Risky Business—Focusing on Innovation and Talent in a Volatile World,* Innovation tops the global challenge list, followed by **Human Capital** and **Global Political/Economic Risk**. This report from the Quality Council provides insights, actions, and recommendations about how the investment in a company's quality initiatives can contribute to meeting CEO priorities and ensuring that the C-suite is maximizing the contribution of the organization's quality assets to answer its most pressing challenges.

The Conference Board CEO Challenge 2012 Results

Results from The Conference Board CEO Challenge 2012[1] survey show a continued emphasis on business growth, focusing on innovation, human capital, and global expansion as drivers. There is also concern over the escalating uncertainties in the areas of **Government Regulations** and **Global Political/Economic Risk** (Table 1). These challenges, along with others, such as **Cost Optimization, Customer Relationship** and **Corporate Brand and Reputation**, draw upon many quality practices that, when properly executed, can deliver predictable and accelerated results and value.

While many quality practices embody fact-based, pragmatic, and systematic results-oriented action leading to a reasonable certainty of outcomes, factors outside immediate corporate control, such as global political/economic risk and government regulation, can introduce a high level of uncertainty in both strategic planning and execution.

What are striking are the regional differences in rankings, clearly reflecting the varying realities of local business environments (Table 1). In Europe, for example, where political and economic risk is the top concern (think euro crisis), **Human Capital** ranks far lower in priority compared to Asia or the United States, reflecting a stagnant labor market and slow economic growth. The uncertainty surrounding the path of regulation in the United States is keeping CEOs up at night there, while in Asia, a region with a white-hot labor market, talent issues are at the top. It is also the only region to rank **Sustainability** as a top-five challenge—not surprising, considering the emphasis governments place on sustainability in that part of the world, especially China.

1 For more details on survey results as well as upcoming events and CEO comments, please visit The Conference Board CEO Challenge® website at (www.ceochallenge.org).

Table 1 **Innovation and Human Capital Top the Global Challenge List**

Regional ranking differences reflect unique local business environments.

Rank		Global *n=776*	United States *n=248*	Europe *n-158*	Asia *n=259*
1	Innovation	1	3	2	1
2	Human capital	2	4	7	2
3	Global political/economic risk	3	2	1	5
4	Government regulation	4	1	3	7
5	Global expansion	5	7	T4	T3
6	Cost optimization	6	5	T4	6
7	Customer relationships	7	6	6	8
8	Sustainability	8	9	9	T3
9	Corporate brand and reputation	9	8	8	9
10	Investor relations	10	10	10	10

N=Number of overall responses. The response rate varies for each challenge. T=Tie.

Source: CEO Challenge 2012: Risky Business–Focusing on Innovation and Talent in a Volatile World, The Conference Board, Research Report 1491, 2012.

Global complexity heightens the challenge

For any company involved in global commerce, there is an increased likelihood they will be operating in unchartered territory because of today's high-speed, complex environment—whether it is about the stability of financial markets, concern over environmental issues, trade tensions, internet security, the availability of talent, the demand for varying skill sets and competencies, or the challenge of a multigenerational workforce.

Globalization accentuates the different critical challenges, strategies, and cultural differences in various regions and markets. To accomplish the desired business results and outcomes—whether it is sourcing decisions, entering new markets, or finding talent—culture awareness and sensitivity are critical. Experience has shown that a broad-brush, standardized approach in tackling these challenges is usually ineffective. Success requires a thorough understanding of the right mix of global standardization and local customization, along with the prerequisite skills, practices, and competencies for timely execution.

An updated, agile, and holistic total-quality business model—touching on leadership, customers, employees, suppliers, process management, and information flows—is necessary to address these risks and the strong headwinds buffeting long-term plan execution. For some organizations, quality remains simply a set of tools and techniques associated with quality control. For others, quality has evolved into a strategic partner, aligned with the business model and business strategy execution.

Innovation: Incremental to Disruptive

"Innovation" has many definitions, interpretations, and connotations—not unlike the term "quality." Its breadth and scope differ markedly across industries and can range from incremental product and process innovation to large-scale, game-changing disruptive innovation that affects business models and, sometimes, entire industries. Strategies that CEOs cited to meet the **Innovation** challenge run the gamut from a traditional view of technology as a key driver to those including challenging the business model itself—from rethinking the supply chain and recruitment mechanisms to widening communication channels and forming alliances to more open innovation platforms (Table 2). While technology is often seen as the magic bullet when it comes to innovation, for any new technology to be successful, it is critical to first have a clear understanding of the problems and the process flaws that the technology is meant to fix. This initial step is part of the quality domain: identify and fix the process first, then bring in technology to improve efficiency.

New channels via social media, which allow for quick ways of capturing consumer desires and reactions along with their higher levels of sophistication and expectations, has altered the delivery of goods and service, leading (in some cases) to mass customization. Consumer attitudes on corporate societal responsibilities have, at a minimum, tweaked, if not fundamentally changed, an organization's business model and brand strategy. At times, it should be noted, the *thoughts* of the customer—often not yet revealed and hinted at in the *voice* of the customer—may be more important to successful innovation. Customers often do not know what they will want or need, and it is up to the innovative minds within an organization to anticipate those future wants and desires. Sometimes, listening to the voice of the customer too literally can actually lead to less imaginative solutions—if you had asked people at the very dawn of the automotive age what they really wanted, they likely would have replied "a faster horse" not a gas-powered automobile. Innovative solutions, whether they result from incremental improvements or "free-thinkers" breaking the mold, require discipline, project management, and process management to see them through to fruition.

Table 2 **Quality Plays a Key Role in the Strategies Targeted for Successful Innovation**

Global Rank	Strategies
1	Apply new technologies (product, process, information, etc.)
2	Create culture of innovation by promoting and rewarding entrepreneurship and risk taking
3	Engage in strategic alliances with customers, suppliers, and/or other business partners
4	Find, engage, and incentivize key talent for innovation
5	Change business model
6	Pursue open innovation concepts
7	Invest more in long-term research and development
8	Encourage more product-specific incremental innovation for the short term
9	Leverage expertise of senior leaders to develop high potentials and transfer knowledge
10	Increase use of third-party providers to conduct research and development
11	Develop innovation skills for all employees
T12	Integrate social media into product and service offerings
T12	Leverage competitive business intelligence
14	Strengthen intellectual property and patent protection
15	Seek government support and funding for research and development

N=335

Source: CEO Challenge 2012: Risky Business–Focusing on Innovation and Talent in a Volatile World, The Conference Board, Research Report 1491, 2012.

While people, process, and technology ultimately determine the solution sets, success still requires understanding the customers' expectations, accurate and timely data collection, prioritization, alignment, and excellence in execution. While many principles, tools, and techniques that are associated with quality management may already be assumed to be inculcated into the corporate culture, these assets and skills often have not been sustained or refreshed with changes in leadership and turnover in the workforce, all of which slowly diminishes the utilization and impact of quality processes.

Innovation: fueled by quality

One generally accepted definition of innovation—creating value through new products, new processes, business models, and organizational structures to uniquely meet customer needs and achieve competitive advantage in a global marketplace— has quality imbedded throughout.[2] Innovation is dependent on a multitude of traditional quality-related fundamentals, practices, skills, and competencies, though they are often seen within organizations as loosely correlated rather than a closely linked and interdependent solution set. While the quality function cannot force innovation in an organization, it can prepare and put in place the structure and scientific methods necessary to allow it happen.

As mentioned, innovation can mean many things to many people and can be positioned along a range that includes local, continuous, incremental improvement focused on short-term opportunities, such as increasing efficiency, and enterprise-wide dramatic breakthroughs that may be centered on traditional R&D for long-term growth, paradigm shifts, and breakthrough events of lower frequency. There also is the notion of adjacency when new uses, markets, and applications are developed for an existing product. Short-term financial pressures strongly influence efforts in incremental innovation, sometimes at the expense of long-term investment; however, even incremental innovations aggregated over time in core business functions can still provide long-term dramatic gains and solidify the corporate brand as being an innovative company—a competitive advantage in recruiting and retaining skilled talent.

Developing an innovative culture—one in which risk-taking is encouraged and failure is accepted, there is respect and reward for new ideas and solutions, knowledge is shared across all levels, and management is participative—has

2 This is the definition of innovation provided to survey participants in The Conference Board CEO Challenge survey.

Table 3 **One Challenge, One Strategy, Several Essential Quality Practices and Competencies**

Global Rank	Challenges	Innovation Strategies	Quality Practices and Competencies
1	**Innovation**	Apply new technologies (products, processes, information, etc.)	Systematic Approaches and support • Process and systems mapping • Problem solving/systematic improvement • Project management; phase gate decision making • TRIZ (theory of inventive problem solving) Customer Needs Assessments • Quality Function Deployment (QFD) • Customer surveys "voice of the customer" • Customer observations • Conjoint analysis In-Depth Analytics • Root Cause Analysis • Failure Modes and Effects Analysis (FMEA) • Error Modes and Effects Analysis (EMEA) • Design of experiments Business Analytics • Plan/Do/Check/Act (Review to ROI measures) • Balanced Scorecard • Performance management
2	Human capital		
3	Global political/economic risk		
4	Government regulation		
5	Global expansion		
6	Cost optimization		
7	Customer relationships		
8	Sustainability		
9	Corporate brand and reputation		
10	Investor relations		

Source: CEO Challenge 2012: Risky Business–Focusing on Innovation and Talent in a Volatile World, The Conference Board, Research Report 1491, 2012.

several parallels with developing a quality culture. The quality practices and competencies CEOs selected as strategies to meet the **Innovation** challenge could easily be listed as strategies to improve profitability and customer satisfaction from a quality perspective (Table 3). Those organizations in which the quality function has yet to evolve tend to define quality more narrowly as "quality assurance" or as simply a standalone set of tools and techniques. As a result, they may not fully associate quality as a way to meet more strategic organizational challenges and accomplish enterprise-wide goals.

In many regards, the tenets and behaviors of an innovative culture and a quality culture are very similar, as are the skills, techniques, and practices. Likewise, both a culture of innovation and a culture of quality can be stymied if they become too rigid, too structured, and too bureaucratic—a situation that is created more by deployment, execution, and leadership issues than the efficacy of the tools and methodologies that are shared by both innovation and quality.

New Players in the Strategy Game

Competitors, nontraditional alliances, government agencies, and nongovernmental organizations, consumers, and supply chain vendors all make up a new set of players that need to be included in various aspects of strategies to meet the challenges outlined by CEOs. Some organizations may see this as being innovative; others as status quo. For example, in the challenge of **Global Expansion**, Western companies are now very much in competition with cash-rich firms in emerging-market BRIC countries (Brazil, Russia, India, and China) as they seek new opportunities in global markets. To meet this competition for new markets, customers, and source materials, firms must ramp up approaches for integrating processes globally, acquiring new talent in new areas, maintaining quality in a global playing field, and also assembling a successful and diverse supply chain. For the "veteran" Western companies, this new layer of competition requires an innovative and fact-based approach to decision making—a process that quality executives can help to ensure takes place. The temptation to take short cuts in a hyper-pressurized competitive environment can lead to poor decisions for the sake of expediency.

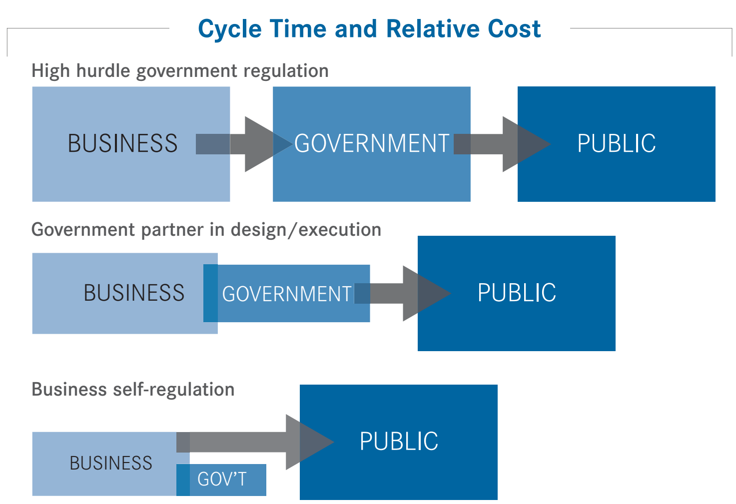
Process innovation and government regulation

The pervasiveness of **Governmental Regulation** on business leaders may warrant a partnership with quality leaders to guide the enterprise in several areas:

- Assist with changes that regulations impose on a process and calculate the overall costs to business and economy.
- Minimize the burden of compliance and ensure predictable compliance—a prerequisite for self-regulation.
- When a law or regulation is enacted, review the results compared to the original premise and assumptions.
- Engage governmental agencies directly with the design and monitoring of a system that reduces the cycle times and costs (as demonstrated by the relative sizes of the squares in Exhibit 1, where less government involvement speeds time to market) for both the business and government agencies.
- Assist in developing regulatory standards.
- Involve government agencies in analyzing the risks of any changes, distinguishing between "must haves" and "nice to haves."

Exhibit 1 **Planning an Effective Partnership**

Example of innovation strategy of new alliances



Source: The Conference Board Quality Council

The Human Capital Challenge: Training and Development Is Critical, but Easier Said than Done

With an aging workforce, a multigenerational workplace, and an imbalance of skills and competencies to meet current needs, coupled with increasing rates of change and more demanding speed requirements, it is no surprise that CEOs have made talent management and the **Human Capital** challenge a priority. Four of the top five strategies to meet the **Human Capital** challenge are directly related to training, developing, or acquiring the skill sets in short supply (Table 4). There is a natural alignment of human resources and quality working in concert with business units to reinforce the importance of quality metrics, helping leaders with business analytics, and supporting an efficient and effective performance review and reward system, which is critical to retaining skilled staff and ensuring the organization's sustainability.

Table 4 **Top Five Strategies to Meet the Top Five Global Challenges**

CEOs are developing talent from within and seeking outside collaborators to meet top challenges.

	1 Innovation	2 Human Capital	3 Global political/ economic risk	4 Government Regulation	5 Global Expansion
1	Apply new technologies (product, process, information, etc.)	Grown talent internally	Implement contingency plans for crises (e.g., geographical, political, relocation of employees)	Increase lobbying activities to promote a level playing field	Enter new geographic markets with existing products/nonfinancial services
2	Create culture of innovation by promoting and rewarding entrepreneurship and risk taking	Improve leadership development programs	Raise capital reserves	Strengthen internal regulatory compliance processes	Acquire companies in target geographic markets
3	Engage in strategic alliances with customers, suppliers, and/or other business partners	Provide employee training and development	Establish crisis management teams and procedures (tie)	Engage with competitors to influence regulatory agenda	Form joint ventures in target geographic markets
4	Find, engage, and incentivize key talent for innovation	Hire more talent in the open market	Reduce exposure to risky countries/regions (tie)	Engage with the public to influence government	Introduce new localized products/nonfinancial services for customers/ clients in new geographic markets
5	Change business model	Improve corporate brand and employee value propositions to attract talent	Manage currency risk (tie)	Encourage more industry self-regulation	Expand and diversify supply chain geographically
			Partner with local businesses to mitigate risk (tie)		

Source: CEO Challenge 2012: Risky Business–Focusing on Innovation and Talent in a Volatile World, The Conference Board, Research Report 1491, 2012.

The pressures on the business' operating side to deliver results better, faster, and cheaper quarter over quarter puts equal pressures on the underlying support structures. The image of being fast sometimes creates an illusion of speed, in which emphasis is placed on rewarding *activity* completion or reaching a milestone quickly. This behavior may not necessarily meet the *intent* of strategic actions (e.g., training and developing employees).

Specific skills training, such as learning to operate a new machine or tool or getting certifications, are more easily managed if systematically tracked, and developing such core skills is often unaffected by cost-cutting actions. Training and developing employees, management, and leaders to be proficient in critical thinking, problem solving, and new technology systems or programs requires rigor, pragmatic execution, and follow through. Several simple questions that need to be addressed include:

- Do the corporate performance measures include business analytics around people?
- Are specific developmental outcomes clearly described in performance reviews?
- Are leaders held accountable to ensure these development plans are carried out?
- Are employees held accountable to carry out their self-initiated development plans?
- At the back end of a development effort, how are desired skills, competencies, and behaviors measured? Or is the measurement simply tracked by "checking the box" if someone went to a training class or conference?
- Was an accurate reflection of training needs adequately stated in a business case internally or for a customer?

Training and development—or generically and simply expressed as *information and knowledge transfer to enable better business decisions and actions*—can come in many forms and be implemented in different ways that are conducive to the target audience. These include in part:

- Webcast/podcast self-paced modules, smartphone/tablet apps (applications)
- Traditional mentoring: tenured executive mentoring high-potential candidates
- Reverse mentoring: new hires, younger demographic mentoring "higher ups" on their experiences, observations, networking channels
- Special assignments
- Rotational assignments
- Social networks, discussions, and collaboration groups
- Improvement projects

Effective training and development and leadership development produce proficiencies that lead to speed—executing tasks or advancing a project's cycle time—in delivering sustainable capabilities for the organization.

Speed to Desired Outcome: Speed *to* Market, Speed *from* Market

The training and development cycle, as well as the innovation cycle, closely mirrors what is traditionally called the "quality improvement" cycle, such as the general Plan-Do-Check-Act or PDCA cycle (Exhibit 2) and draws upon several quality practices and measures. Those that spin the wheel effectively may quickly experience benefits in market share, cash flow, cost-efficiencies, and customer satisfaction.

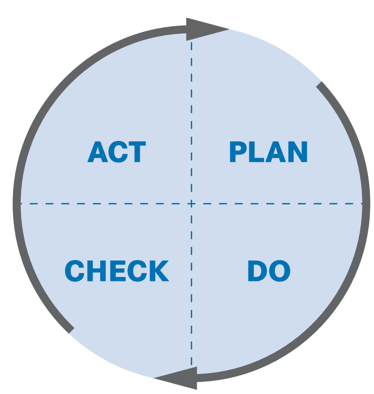
The speed of the cycle is a function of:

- Readiness: having the proficient talent and reliable systems *in place and ready to execute* the plan
- Execution: having the proficient abilities to carry out specific tasks and intent of the plan
- Culture: recognizing and adjusting to the culture norms that instill action
- Alignment: actions that are thoughtfully aligned to the expected prioritized outcomes

Falling short in any of these functions will slow down the cycle. All should be taken into account when planning the action and preparing to see it through to fruition.

Exhibit 2

The Plan-Do-Check-Act (PDCA) cycle draws upon several quality practices and measures



Source: ASQ: The Global Voice of Quality (http://asq.org/learn-about-quality/project-planning-tools/overview/pdca-cycle.html).

The phase in the PDCA cycle that is most often missed or not given enough attention is the "C" or "Check" phase. Sometimes referred to as the "Study" phase, the Check phase—the time to assess or study the effectiveness of the actions and review the results *based on the plan*—is often resisted because of time constraints in getting to the next action(s). Did you do what you had planned to do in the "Do" phase? Did those actions deliver to your expectations?

- Did the training translate into new skill applications and behaviors, as planned?
- Was the innovation that went to market purchased and welcomed by consumers, as planned?
- Did the improvement project deliver the results, as planned?

Mapping the results to the specific actions and assumptions strengthens the organization's confidence and predictability (a prerequisite for self-regulation strategy in the **Government Regulations** challenge), provides a means to reward results with causality, identifies data and skill gaps, and creates a point where learning can be captured for organizational memory and knowledge management. This knowledge is important to influence future decisions that can affect speed for future actions.

The "Act" or "Adjust" phase is taking appropriate actions to meet the goals of the organization—i.e., revenue, market share, customer satisfaction, etc. If the specific innovation, action, or project falls short, the gap will need to be offset elsewhere. If better-than-planned contributions are achieved, goals adjustment can be considered.

In the past, organizations relied on the traditional method of customer surveys to obtain feedback on products and services. However, in recent years, the time it takes to get consumer reactions on products and services has shortened dramatically with access to social media, web, and virtual meetings, review sites (e.g., Yelp), complaint sites, blogs, etc. Emphasis has to be given to this fast dissemination of information with well-thought-out contingencies. While an unfavorable consumer response may point to a weakness in preliminary research, timely action to correct errors in judgment or process is critical to maintain a strong brand and reputation. Some recent examples of social-media-driven action that presented serious risk to established brands include: the Costa Concordia cruise ship disaster off the Italian coast and the Seychelles Islands; Netflix and its change in business models; Bank of America and debit card fees; and the BP oil spill in the Gulf of Mexico. All have all shown the importance of quick response and the consequences of slow action.

Success in achieving speed relies on *quality* fundamentals and practices at both the macro level and the tactical level.

Tried-and-True Quality Challenges: Customer and Cost

Over the past years, the CEO Challenge survey rankings have varied according to the sentiments of executive leadership and what they deem top of mind and relevant in the current global economy. Of course, challenges don't come and go in a calendar year, nor do strategies. Prioritization helps for focus, but has an underlying assumption that there is stability in other areas.

Just two years ago, Corporate Reputation for: Quality Products/Services made the top 10 list for the first time since the *CEO Challenge* report began in 1999.[3] This was likely a result of a flood of recalls in many industry sectors, including the automobile industry, pharmaceuticals, and agribusiness, that added unanticipated costs to the business downstream in sales, loyalty, and brand. What might have been an organization with capabilities to meet the customer and market requirements is now one that is challenged to refresh its business model and skill sets to accommodate new market conditions and expectations, address a churn of leaders and the workforce, and other global forces of change.

The "prevention by prediction" mentality of a quality leader can be counted on to influence processes, measures, and skill sets by drawing from global forces of change in preparing the organization to pragmatically and proactively address them.

Forces of change

Every three years, ASQ, the Global Voice of Quality, publishes a report based on canvassing global stakeholders' thoughts on forces that are influencing or changing their approaches for their future quality actions.[4] The list includes several forces in categories of global responsibility, consumer awareness, globalization, increasing rates of change, workforce of the future, aging population, twenty-first century quality, and innovation. Layering

3 To learn more about the Quality Council's response to that year's CEO Challenge survey results, see Mike Adams, *Answering the CEO Challenge: How Quality Can Drive Profitable Growth Across the Organization,* The Conference Board, Council Perspectives 20, 2010.

4 American Society for Quality, *Emergence: 2011 Future of Quality Study,* September 2011 (http://asq.org/asq.org/2011/09/global-quality/emergence-2011-future-of-quality-study.html) (registration required).

representative forces of change over the CEO Challenge survey results provides additional areas for deeper analysis and consideration when executing supporting strategies.

This perspective concentrates on addressing the **Innovation** and the **Human Capital** challenges, with an emphasis on speed and the adoption of strategies CEOs selected to meet the challenges of **Cost Optimization, Customer Relationships**, and **Corporate Brand and Reputation**—strategies that most often link directly back to the quality function.

Cost optimization, which is really about value rationalization rather than simply cost containment, requires continuously staying current with end-to-end processes to remove waste and non-value-added work and adjusting them according to forces of change. It requires alignment of strategy and action to business goals and understanding an action's true costs —whether it is total cost of ownership of a technology (deployment, training, speed to functionality, life time usage, etc.) or risk and consequence on the brand reputation for a misstep. There is a natural marriage of sorts between the challenges of **Innovation** and **Cost Optimization**, which are closely linked to quality.

Meeting the **Innovation** challenge draws upon existing, as well as new, alliances, gained through customer relationship and supplier strategies, and including those that address governmental regulations, such as forming public/private partnerships to influence legislation. Ultimately, a strong corporate brand and reputation is dependent on these actions. The corporate brand is closely linked to the hiring and recruitment process, since what a company stands for is brought into the candidates' decision-making process.

And when it comes to meeting the **Government Regulation** challenge itself, the role of quality should not be underestimated. When regulations are proposed, there is a business interpretation of what they will mean, and a quality professional needs to look at that interpretation and take a methodological approach to understanding the quantitative costs and global impacts to provide clarity and evidence-based consideration of compliance actions. Because of its holistic view of the enterprise, quality is uniquely placed to make such an assessment.

Conclusion: Keeping the Enterprise-Wide View Is Essential

As a response to *The Conference Board CEO Challenge 2012,* The Quality Council of The Conference Board continues to view the tenets of traditional quality management as being essential in addressing the contemporary business challenges of innovation, human capital, and risk. It advocates taking advantage of quality assets in executing many of the strategies CEOs have outlined to meet their challenges. To be successful, the council believes that quality must be viewed from an enterprise-wide, end-to-end, and holistic level rather than viewed as just a set of statistical tools and techniques that, while essential, are not sufficient to move the needle.

Recommendations

To maximize the impact of quality across the organization, the CEO and C-suite executives should:

- Leverage and define quality at the organizational macro level.
- Expect, position, and hold accountable the quality leaders to serve as change agents.
- Recognize, prioritize, unleash, and align existing quality skill sets for current strategies.
- Enhance business analytics at the enterprise level to include strategy accomplishment.
- Ensure research that includes trends and forces-of-change data are requirements for planning.
- Maintain "quality practices" capabilities, and expect them to be included in development plans.
- Prioritize, develop, and *anticipate* skills sets to increase timely results and productivity.
- Broaden workforce contributions through management practices.
- Recognize brand image's influence on recruitment and talent management.

Today, organizations require greater anticipation of the future with its uncertainties and the abilities to execute, meet, or stay ahead of the ever-changing business environment. The rates of change, though harder to pinpoint, highlight the need to continuously renew or refresh the business model and enterprise-wide strategies. A successful response to the challenges CEO posed draws from core *quality* fundamentals.

A final question exists for CEOs and the C-suite: Are you taking advantage of your quality assets or ramping them up as a means to answer your most pressing challenges?

Table 5

CEO Challenge Quality Practices and Related Competency Areas

Sample and a partial inventory of quality-related tools, techniques, and practices that support a variety of strategies meeting CEO challenges covering the range of methodologies to business analytics.[1].

INNOVATION STRATEGIES		
Apply new technologies (products, process, information, etc.)	Systematic approaches and support • Process and system mapping • Problem Solving/ systematic improvement • Project Management; phase gate decision making • TRIZ (Theory of Inventive problem solving) • Prototype Customer needs assessments • Quality Function Deployment (QFD) • Customer surveys (Voice of the Customer) • Customer observations • Conjoint Analysis	In-depth Analytics • Root Cause Analysis • Failure Modes and Effects Analysis (FMEA) • Error Modes and Effects Analysis (EMEA) • Design of Experiments Business Analytics • Plan- Do- Check- Act (Review to ROI measures) • Balanced Scorecard • Performance Management
Create culture of innovation by promoting and rewarding entrepreneurship and risk taking	• Performance Management • Measures aligned to Innovation/values • Employee Engagement surveys	• Failure Modes and Effects Analysis (FMEA) • Participative management culture
Engage with strategic alliance with customers, suppliers, and/or other business partners	• Ideation and Brainstorming • Customer observations, surveys, one-on-one meetings	• Customer Relationship Management (CRM) • End-to-end process management • Reengineering
Find, engage, and incentivize key talent for innovation	• Performance Management • Employee Engagement surveys	• Mentoring • Knowledge Management
Change business model	• End-to-end Process Management • Change Management • Benchmarking • Process Design (DFSS) and reengineering	• Value Mapping/Lean • Performance Management (aligned to changes) • Human Capital practices (aligned to changes) • Impact Analysis
HUMAN CAPITAL STRATEGIES		
Grow talent internally	• System mapping of talent management process • Continued training/development in contemporary practices with application on current issues • Change management	• Problem solving/systematic improvement, TRIZ • Mentoring • Special assignments
Improve leadership development programs	• Hoshin planning/ Hoshin Kanri (Plan and deployment) • Leadership skills for enabling/ empowering • Experiential decision making with cultural scenarios • Continued training/ development in contemporary practices with application on current issues	• End-to-end process management/change management • Performance Management (Outcomes vs. Activities) • Plan/Actual on short- and long-term goals • 360-degree feedback
Provide employee training and development	• Continued training/development in contemporary practices with application on current issues • Mentoring • Individual development plans	• End-to-end process management/change management • Networking/Social media

Note: For information on resources available for quality practices in this table, please visit the ASQ Knowledge Center (http://asq.org/knowledge-center/answering-ceo-challenge-innovation.html).

(continued on p. 11)

Table 5 (continued)

CEO Challenge Quality Practices and Related Competency Areas

Sample and a partial inventory of quality-related tools, techniques, and practices that support a variety of strategies meeting CEO challenges covering the range of methodologies to business analytics.[1]

Hire more talent in the open market	• Partner with like-minded companies • Market company brand • Social media channels	• Showcase opportunities in public forums • Networking • Leverage discussion boards
Improve corporate brand and employee value proposition to attract talent	• End-to-end Process Management • Execution to plans	• Opportunities and gap assessments
GOVERNMENT REGULATION STRATEGIES		
Increase lobbying activities to promote a level playing field	• Benchmarks • Variation data	• Activity-based costing • Total cost and impact analysis
Strengthen internal regulatory compliance processes	• Process management • Statistical Process Control • Compliance Management • Risk management prioritization	• Auditing process • Performance management • Root-cause analysis • Problem solving
Engage with competitors to influence regulatory agenda	• Industry/sector forums	
Engage with the public to influence government	• Benchmarks • Variation data	• Customer surveys and social media • Complaint data (voice of the customer)
Encourage more industry self-regulation	• Industry/sector forums • Statistical process control	• Process management and standardization • Fact-based management
COST OPTIMIZATION STRATEGIES		
Redesign business processes	• Process and system mapping • Benchmarking • Process Reengineering/ Redesign	• Design Processes (DFSS) • Value Mapping • Lean
Achieve economies of scale through organic business growth	• Supply chain sourcing and outsourcing • Outsourcing • Supply chain management • Process management	• Technology/Automation • Value mapping • Lean
Improve productivity of employees	• End-to-end process, department metrics • Process management • Responsibility and Accountability matrices (RACI Charts)	• Performance management • Problem solving/systematic improvement (Six Sigma)
Invest in new technologies and automation	• End-to-end process management • Change management • Training and user assessments	• ROI assessment of business case (pre/post) • Total cost of ownership evaluation • Benchmarking
Achieve economies of scale through product/process standardization and harmonization	• End-to-end Process Management • Responsibility and Accountability Matrices (RACI charts)	• Change management

Note: For information on resources available for quality practices in this table, please visit the ASQ Knowledge Center (http://asq.org/knowledge-center/answering-ceo-challenge-innovation.html).

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Membership in one of our councils affords entrée into a select and trusted community of 2,400 executives from a broad array of industries, functions, and regions–executives who know the value of this rich source of insights and new approaches.

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To learn more, contact Katie Plotkin, associate director, product sales support, +1 212 339 0449 or katie.plotkin@conference-board.org. Council participation is by invitation only and is an exclusive benefit for The Conference Board member organizations.

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Mike Adams is a retired C-suite executive and past co-chair of The Conference Board Quality Council. Adams's current efforts are focused on refreshing and connecting the value of evolving quality practices to business executive practices and results, sharing lessons learned from various positions (FPL, Microsoft, Allegheny Energy) and experiences with the Malcolm Baldrige National Quality Award, The Deming Prize, and USA Today/RIT Quality Cup. Adams currently serves on the board of directors of ASQ-the Global Voice of Quality, is an ASQ Fellow, and is president of Mike Adams & Company, LLC. Adams wrote this perspective with his past colleagues from the Quality Council—special thanks to Charles Brandon, Ph.D., U.S. Department of Defense; Alka Jarvis, Cisco Systems, Inc; and Rebecca Yeung, FedEx Corporation.

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