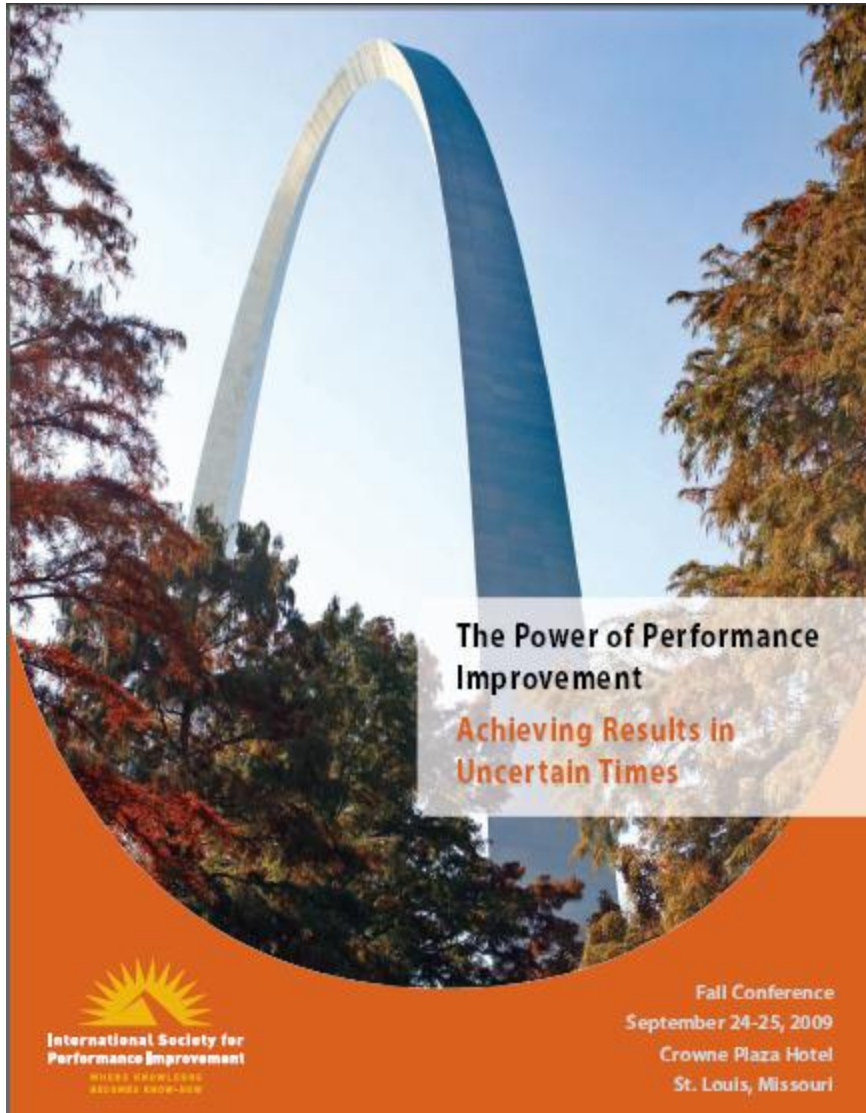




The Power of Performance Improvement

Achieving results in uncertain times

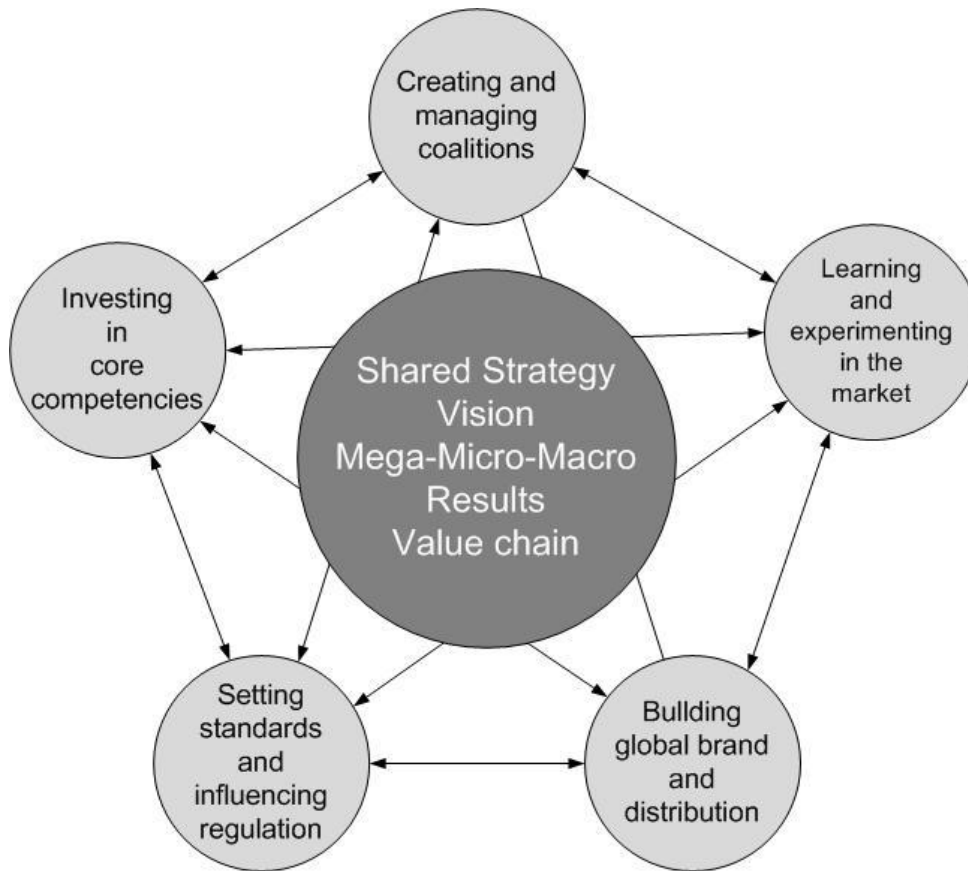


PI during economic downturns: The power of Ecosystems

- Mariano Bernardez, PhD., CPT
 - Director, Performance Improvement Institute
- Roger Kaufman, PhD., CPT
 - Distinguished Research Professor, Performance Improvement Institute
- Jose Angel Valdez
 - Coordinator, Sonora Institute of Technology (ITSON)
 - President, ISPI Mexico



PI during economic downturns: The power of Ecosystems



- Identify social and organizational opportunities to develop business ecosystems
- Build a high-level ecosystem design
- Apply Kaufman's OEM and Rummler's AOP to develop cross-organizational clusters and create jobs
- Use a Double bottom-line business case to plan and manage job creation and social impact



PI during economic downturns: **The power of Ecosystems**



"Behavior is a function of the context"

Dale Brethower

*"Never doubt that a few committed
people can change the world.*

For, indeed, it's all who ever have"

Margaret Mead
Anthropologist



The Palermo case, Buenos Aires

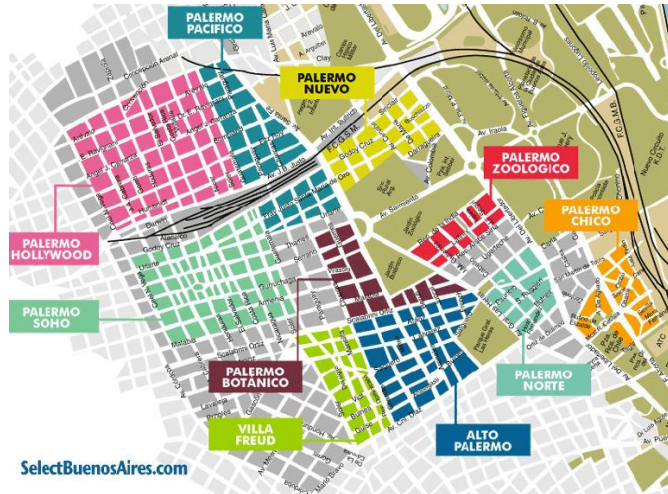


- “Argentina is the country of the future”
- “And it ever will”
- “The only way out of Argentina’s problems is called Ezeiza*”

(*) Argentina’s international airport



Palermo - Buenos Aires



- Blue-collar, “rust belt” suburb
- 19th century Italian immigrants
- Old houses, empty factories
- Low property value
- “Broken windows”, empty lots
- High delinquency
- Declining, aging population
- Low income, low-end business





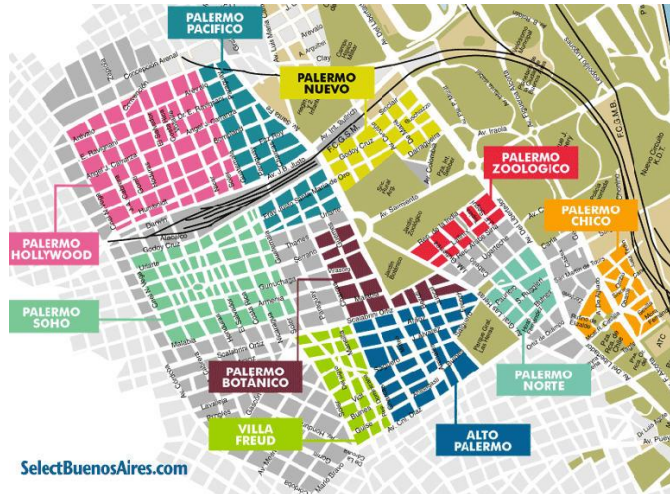
Palermo - Buenos Aires



- 2001 Argentina's economic collapse (largest default in history):
 - 30 % unemployment
 - 70 % currency devaluation
 - Government confiscated private savings
- 5 presidents in 3 months
- Social turmoil
- "Cacerolazos" (big pot-banging)
- 1,2 million emigrated to EU, US



The new, “internal” immigrants



- Young, unemployed professionals, 30-45
 - Architects
 - Designers
 - Engineers
 - IT
 - Restaurateurs
 - Actors, art film makers, artists
- Moving in, buying abandoned, foreclosed properties
- 10,000 to 35,000 dollars investment
- Highly educated, well-travelled, English-speaking middle class





New Palermo - Buenos Aires





“Palermo Soho”, “Palermo Hollywood” - Buenos Aires



- Remodeling
- Lofts
- Boutique hotels, B&B
- Art galleries
- Restaurants





“Palermo Soho”, “Palermo Hollywood” - Buenos Aires



- US, EU tourism attracted by NYT, Web-advertising
- Real estate boom (from \$ 15,000 to \$ 400,000)
- Art film studios for international, US film (Coppola, Scorsese)
- Tango, jazz
- 45,000 new residents





Business ecosystems



- 4 Key components
 - Market
 - Finance
 - Logistics
 - Technology
- Assets:
 - Tangible: NC, FC
 - Intangible: IC, HC

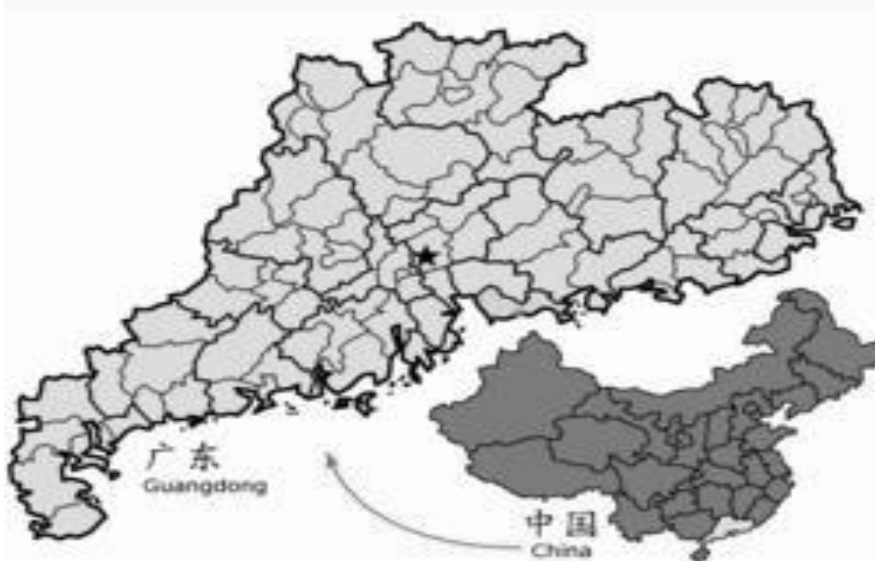


The power of Ecosystems

SEZ China



Shenzhen skyline

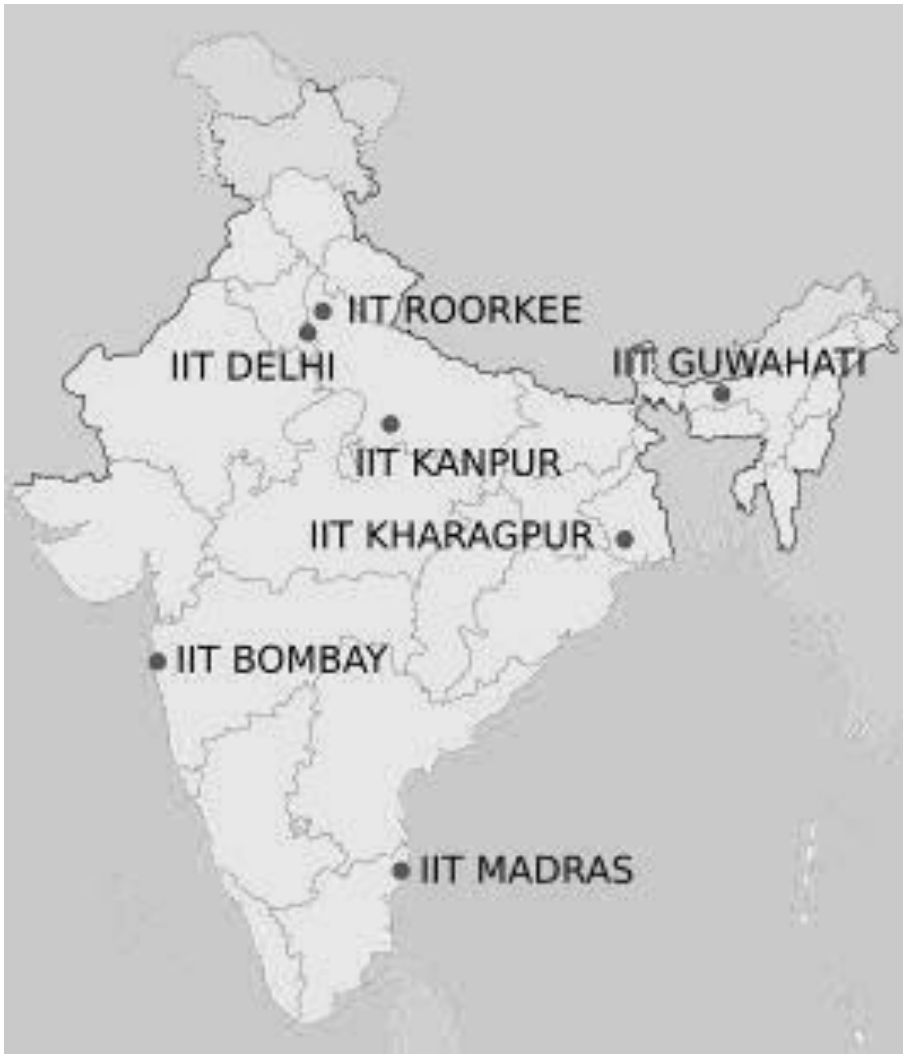


- Special Economic Zones
- Entrepreneurial cities
- Free trade
- Exports
- HC, IC-intensive



The power of Ecosystems

IIT ecosystems - India

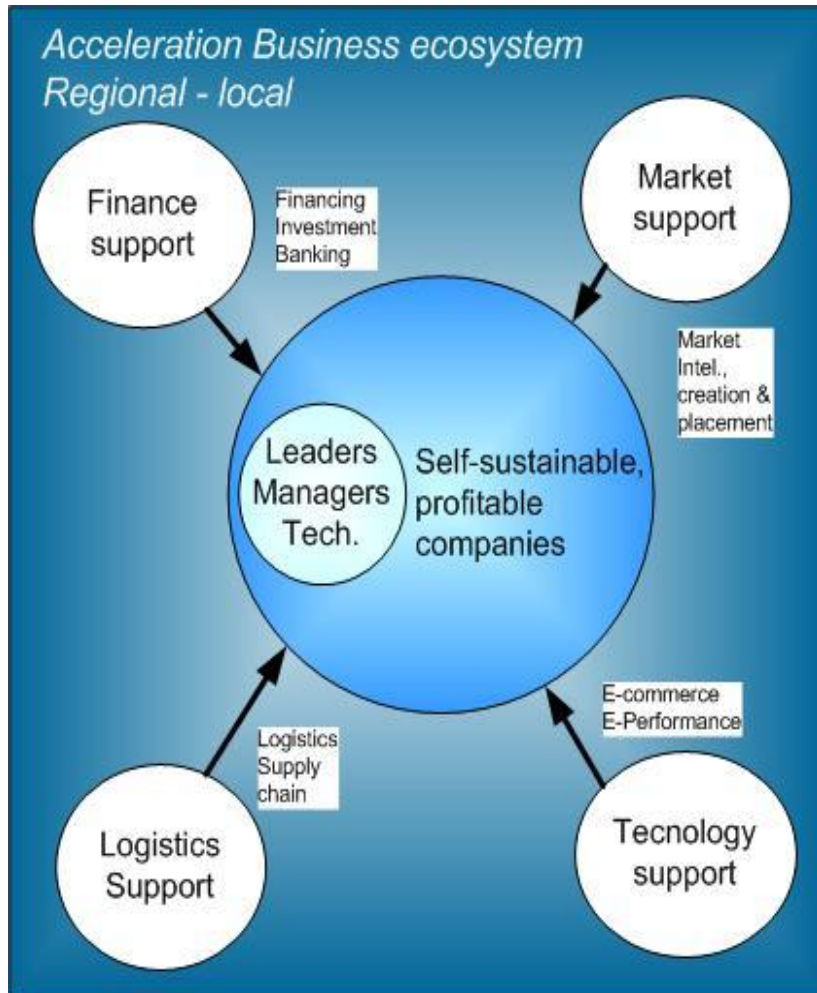


- Indian Institutes of Technology
- Tech, “creative-class” cities
- “Brain drain” => Brain gain



The power of Ecosystems

DBR index (World Bank)

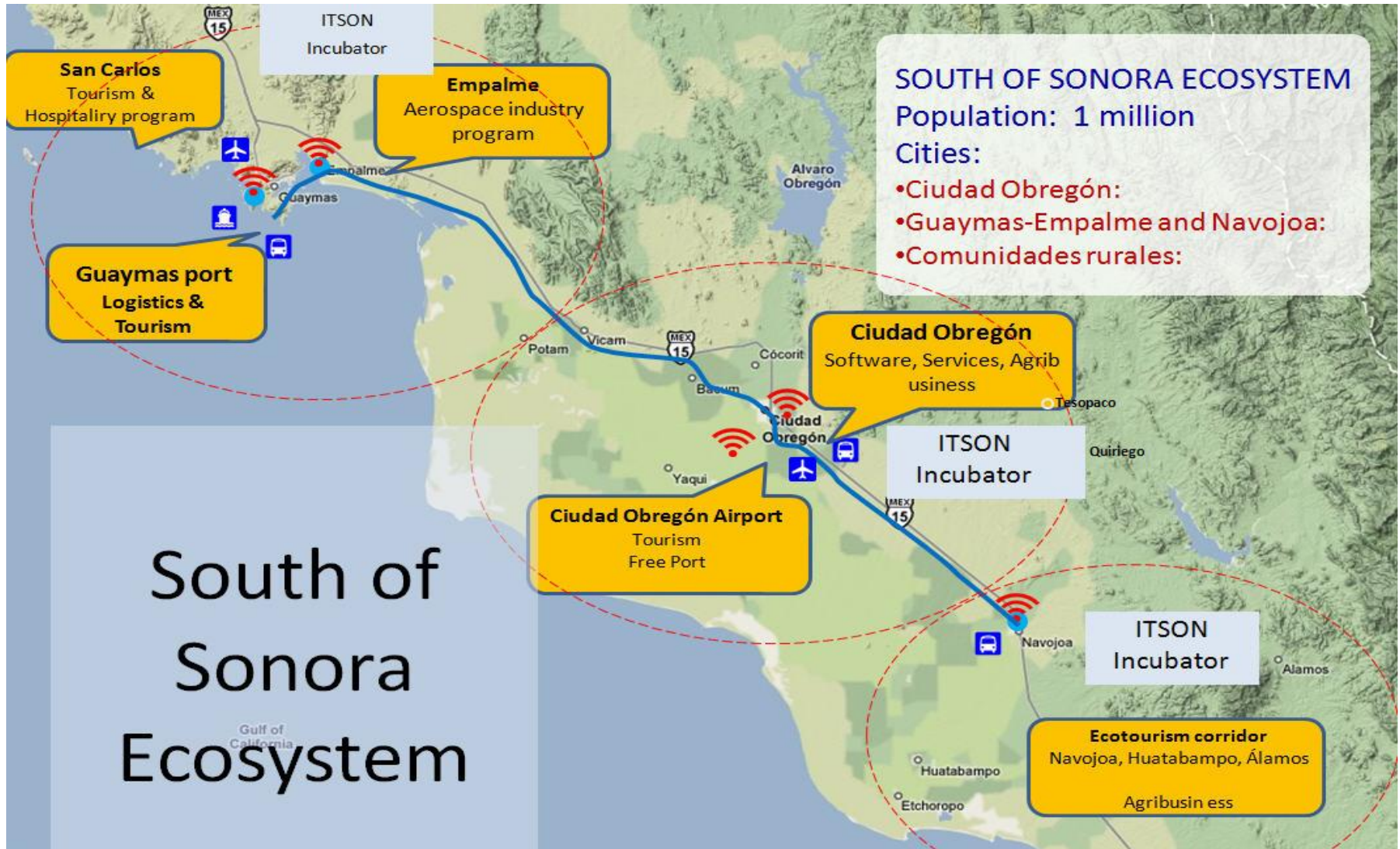


1. Starting a new business
2. Obtaining business permits and licenses
3. Hire, Fire
4. Register, protect property
5. Access to credit
6. Protection to investment
7. Taxes
8. International trade
9. Honoring contracts
10. Closing a business



The power of Ecosystems

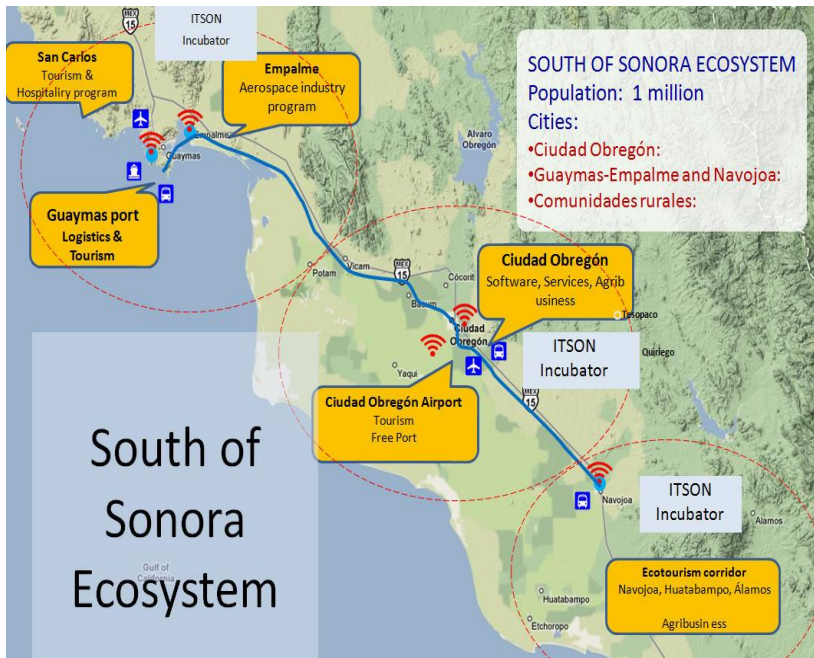
South of Sonora, Mexico





The power of Ecosystems

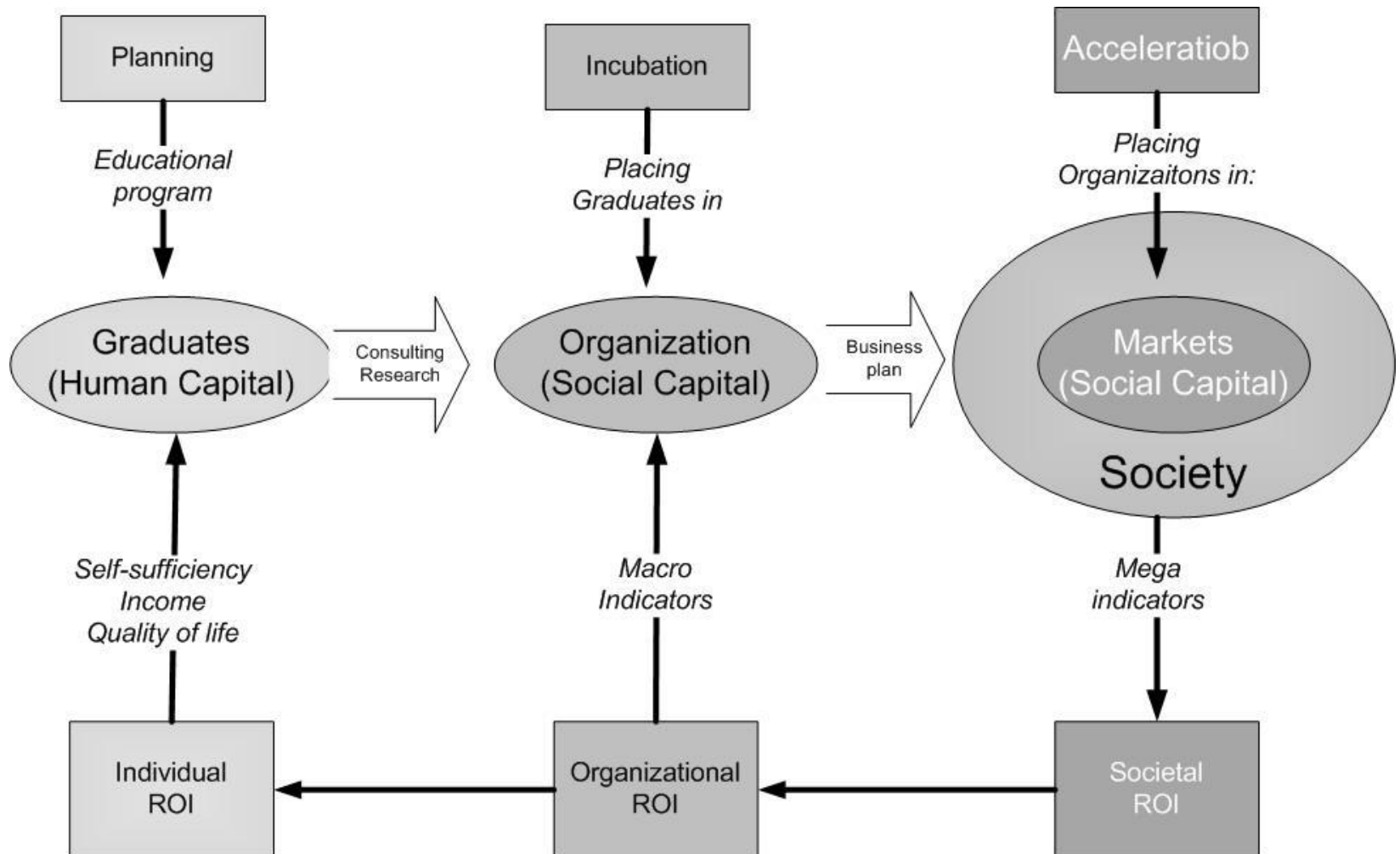
South of Sonora, Mexico



- ITSON
- PII
 - Graduating companies – “get your company a PhD”
 - Incubation, Acceleration
- Digital cities
- International logistics corridor (train, road, ports, wireless)
- Agribusiness district
- Tech district
- Business intelligence
- Angel Investors



Business graduation: From Human Capital to Social Capital





Societal & organizational PI Institute (www.piionline.org)



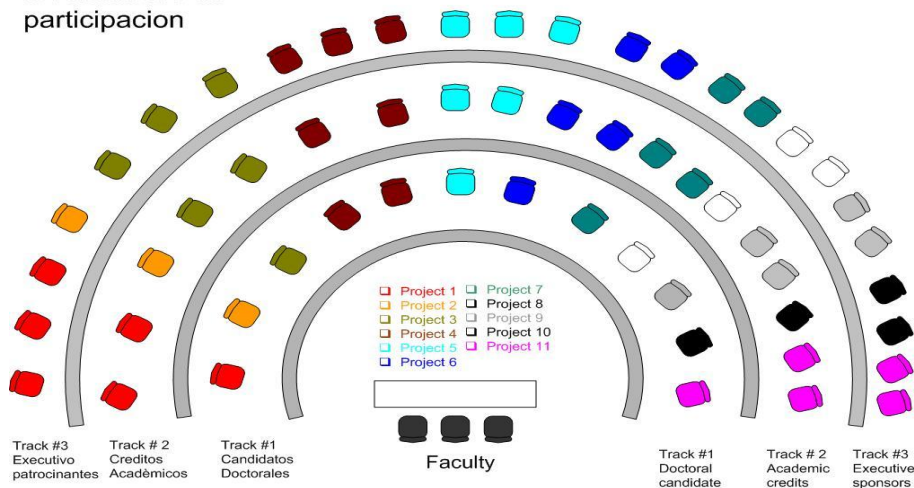
- Shared strategic vision
- HPT, PI applied to
- New business creation, incubation
- Ecosystems design, improvement
- Raising
 - Human Capital
 - Intellectual Capital
 - Societal Capital



Societal & organizational PI Institute (www.piionline.org)



PI Institute
Modalidades de
participacion



- Building ecosystems
 - Value chain
 - Alliances
 - Sinergies
 - Improvement
- Participants
 - Project leaders
 - Investors, entrepreneurs
 - Managers
 - Specialists



The Power of Performance Improvement

Achieving results in uncertain times



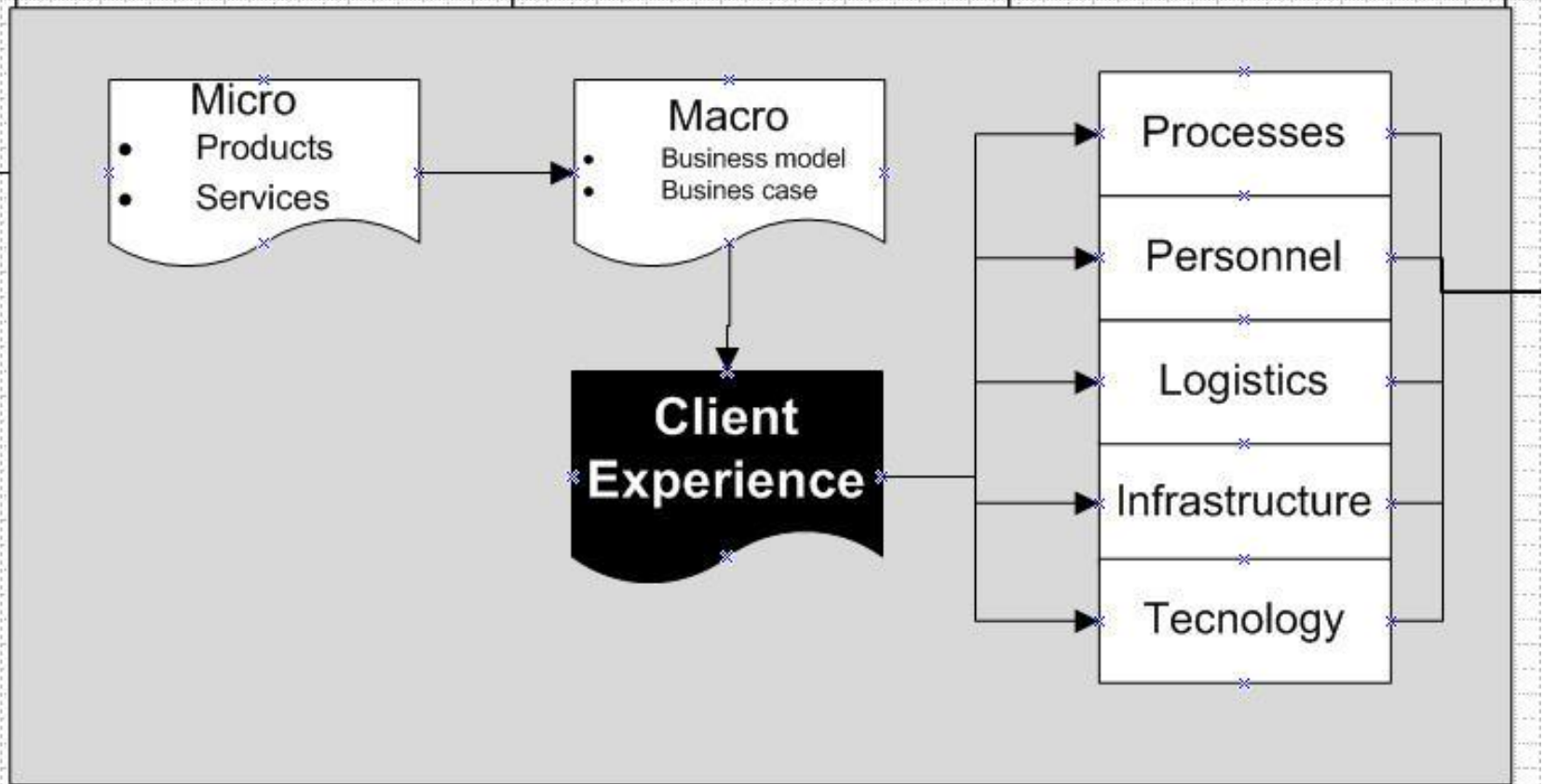
- Outside – in design
 1. Design a client experience
 1. Attributes
 2. Steps
 2. Build an ecosystem flowchart (map the cross-organizational process)



Value-creation engine



Value-creation "engine"





Client experience design

Build it



- Think of attributes
- Think of steps, moments of truth

Attributes

Steps, Moments of truth

1.				
2.				
3.				
4.				
5.				
6.				
7.				

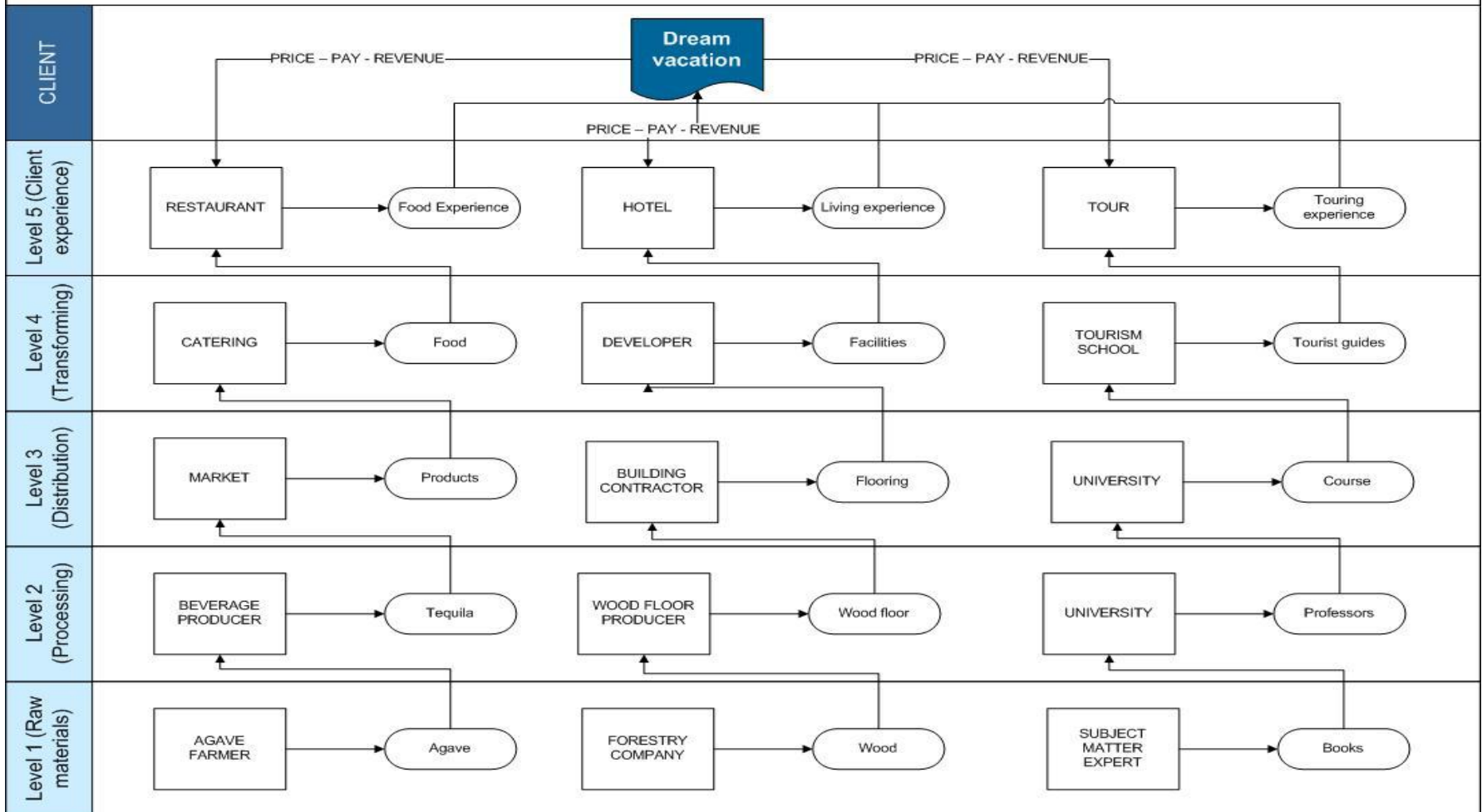


Organize your ecosystem

Flowchart the value chain



CROSS-ORGANIZATIONAL MAP - EXAMPLE






Organize your ecosystem

Flowchart the value chain



CROSS-ORGANIZATIONAL MAP - YOUR CASE	
CLIENT	
Level 5 (Client experience)	
Level 4 (Transforming)	
Level 3 (Distribution)	
Level 2 (Processing)	
Level 1 (Raw materials)	



Value-adding ideas Resources





Reading



- Bernardez, M. (2008). *Capital Intelectual: creacion de valor en la sociedad del conocimiento (Intellectual Capital: value creation in the knowledge economy)*. Chicago:IL: Global Business Press.
- Bernardez, M. (2009, Volume 22, Number 2). Minding the business of business: tools and models to design and measure wealth creation. *Performance Improvement Quartely* , 17-52.
- Bernardez, M. (2009). The power of entrepreneurial ecosystems: extracting boom from bust. *PII Review* , 12-45.
- Smith, S., & Wheeler, J. (2002). *Managing the customer experience: turning customers into advocates*. London, UK: Prentice-Hall.



Customer experience Design (Example)



ATTRIBUTES

KEY STAGES AND STEPS

	Fast services	Correctly managed interaction	Products and services knowledge	Knows client and his/her history	Provides adequate solutions	Fast problem-solving	Professional attitude and behavior
Open new account	<i>One step , 5 minutes setup One form</i>	<i>Recognizes client Recalls all previous information</i>	<i>Explains, compares and tailors P&S to client needs</i>	<i>Recognizes client Follows up Explores needs</i>	<i>Offers solutions tailored to needs Implements and follows up</i>	<i>Helps client solve problems Takes charge</i>	<i>Shows empathy Saves time Positive attitude Friendly, but professional;</i>
Routine transactions	<i>Under 5 minutes</i>	<i>One step, one person</i>	<i>Manages each product OK</i>	<i>Anticipates solutions</i>	<i>To client satisfaction</i>	<i>Saves client time</i>	<i>Same + Time management</i>
Financial planning and advice	<i>One step assessment FAQ</i>	<i>Makes sure client understands plans and risks</i>	<i>Offers two best alternatives Compares</i>	<i>Tailors plans to client priorities</i>	<i>Brochure Calculator Simulation</i>	<i>Helps client get information</i>	<i>Same + Clear examples & explanations</i>
Credits and loans	<i>Automatic scoring</i>	<i>Online pre-qualification</i>	<i>Knows client industry</i>	<i>Knows client history</i>	<i>Minimizes risk</i>	<i>Provides self-help to select</i>	<i>Same + Clarify client goals</i>
Problem-solving	<i>Routes correctly</i>	<i>Uses decision-making algorithms</i>	<i>Solves problems w/all products</i>	<i>Zero "old problems"</i>	<i>Cost-benefit-consequences</i>	<i>Gets it solved the 1st time</i>	<i>Same + calm , smile, positive</i>
Information requests	<i>Uses all job aids</i>	<i>Keeps human contact</i>	<i>Helps finding info Prints handout</i>	<i>Follows checklist QA</i>	<i>Saves time</i>	<i>Gets all info together</i>	<i>Shows interest + same</i>

SUPPORT

Technology People Policies Processes	<i>Usable Web EPSS tools One step process</i>	<i>Client information screens (EPSS)</i>	<i>Online products FAQ Training</i>	<i>Needs assessment online tool Commercial platform</i>	<i>FAQ system Simulator Web access</i>	<i>EPSS for problem solving Fast, reliable system</i>	<i>Screening Performance Appraisal Bonus Training</i>
---	---	--	---	---	--	---	---