

# **Being Customer Oriented**



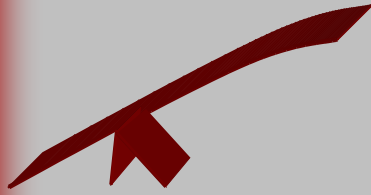
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# Welcome

**WelKom**

**Huan Yín**

**Bienvenido**

**Bienvenue**

**Wilkommen**

**ΚΑΛΟΣ ΟΡΙΣΑΤΕ**

**Bienvenuto**

**Välkommen**

**Tervetuloa**

**Witamy**

**ברוכים הבאים**





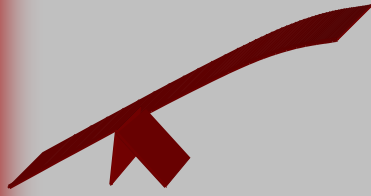
# Topics

- ◆ Who Are the Customers?
- ◆ Customer Relationship Management
- ◆ Process Improvement Means Change
- ◆ Culture
- ◆ Process Improvement in Different Types of Organizations
- ◆ Being a Quality Company



# Topics - 2

- ◆ Standards, Models, and Concepts Supporting Customer Orientation
  - ◆ EFQM
  - ◆ Baldrige
  - ◆ Six Sigma
  - ◆ CMMI
  - ◆ ITIL
- ◆ End-to-End Quality



# **Who Are The Customers?**



# Who Are the Customers?

## ◆ Internal

- ◆ Marketing
- ◆ Product Manager
- ◆ Systems
- ◆ Another development unit in a prime contractor role

## ◆ External

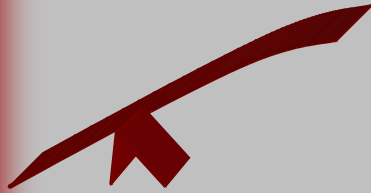
- ◆ Customer/Purchaser
- ◆ End user

◆ Often there are multiple “customers”



# Customer vs. User

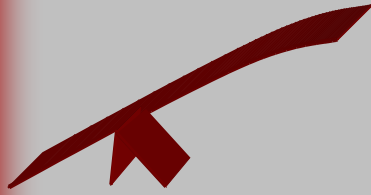
- ◆ The customer:
  - ◆ Establishes the need for the product
  - ◆ Is responsible for ensuring payment for its development and
  - ◆ Is responsible for acceptance of its delivery
  
- ◆ The user works with the delivered system:
  - ◆ Operational user (e.g., pilot, train controller, accounting personnel)
  - ◆ Administrative user (e.g., data entry support)
  - ◆ System Management (e.g., computer systems manager)
  - ◆ System Maintenance (e.g., aircraft maintenance)



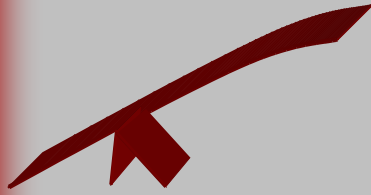
# Customer vs. User - 2

- ◆ Customers may appear in a variety of roles:
  - ◆ Represent end users
  - ◆ Be the actual end user
  - ◆ Trying to meet the demands of the existing market (Marketing, Product Management)
  - ◆ Driving the needs/wants/desires of the future open market (Marketing, Research and Development, Product Management)
- ◆ The key is to ensure you:
  - ◆ **Meet the needs** of the end users
  - ◆ **Fulfill the requirements** of the customer



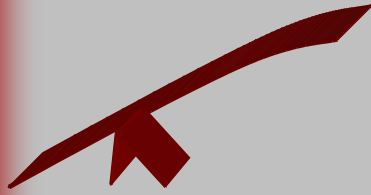


# **Customer Relationship Management**



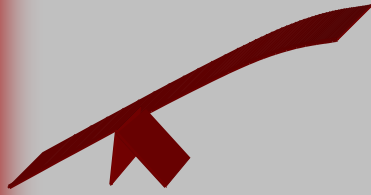
# Customer Relationship Management

- ◆ Customer Relationship Management (CRM) is a philosophy whose principle tenet is that a business should be designed to serve its customers
  - ◆ In a CRM initiative, systems, processes, and the organizational structure are all examined and revised if necessary to create a customer-oriented enterprise
- ◆ Develop your organization's definition of CRM – *there is no universal definition*



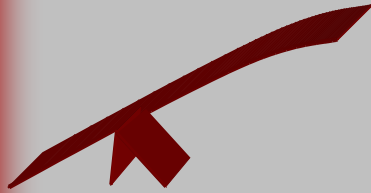
# Customer Relationship Management - 2

- ◆ Rules to ensure that your customer-oriented program is not just the latest fad:
  - ◇ Develop **business objectives** to hold the initiative together over time
  - ◇ Ensure that all CRM objectives are understandable, tangible and **measurable**
  
- ◆ **Put the customer on your team**
  - ◇ Too many organizations think of “the customer” as “the enemy” instead of an integral part of the system being developed
  - ◇ Involving the customer can help to set reasonable –customer-oriented goals and, at the very least, create goodwill



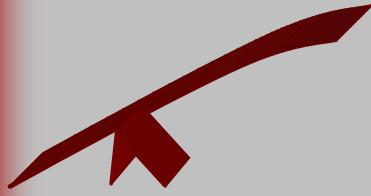
# Customer Relationship Management - 3

- ◆ Organize your customer-orientation around your processes
  - ◆ The customer looks at your organization as a black box that receives an order and delivers a high-quality product on-time and within budget out the back end
  - ◆ The processes that your organization develops and uses should encapsulate everything you can manipulate to improve a customer output



# Customer Relationship Management - 5

- ◆ Actively **manage change** – a successful CRM program not only drives process improvement but also changes:
  - ◆ The way the organization works
  - ◆ The roles that employees and other stakeholders play
  - ◆ The mode, frequency, and goals of interaction among customers, salespeople, customer service representatives, marketing personnel and everyone else involved in the customer relationship

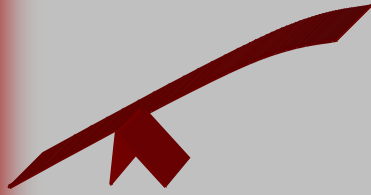


# **Culture and Its Influences**



# What is Culture?

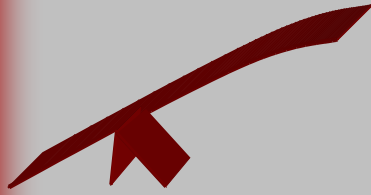
- ◆ Culture may be defined as the totality of the mental and physical reactions and activities that characterize the behavior of individuals collectively and individually, in relations to their natural environment, to other groups, to members of the group itself and of each individual to himself
- ◆ What really binds people together is their culture, -- **the ideas and the standards they have in common**



# What is Culture? - 2

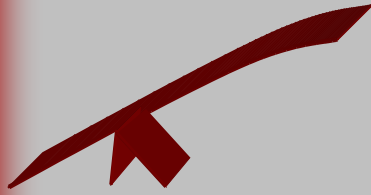
- ◆ Culture has a value dimension and is about:
  - ◆ Relationships - between individuals and groups
  - ◆ Shared memories, experience and identity
  - ◆ Social standards, values and norms
  - ◆ What we consider valuable to pass on to future generations."





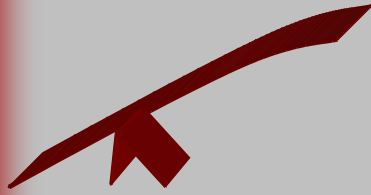
# Culture Examples

- ◆ Japanese
- ◆ Indian
- ◆ French
- ◆ German
- ◆ Chinese
- ◆ African
- ◆ Singaporean
- ◆ South American
- ◆ United States
- ◆ United Kingdom

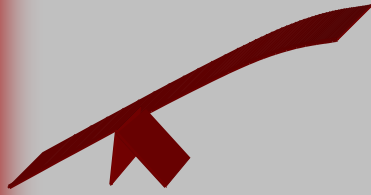


# Culture Examples - 2

- ◆ Europe and Asia
  - ◇ Germany and China
- ◆ Siemens (German) – English Speaking Countries
  - ◇ Munich – Boston, Birmingham
- ◆ East Coast – West Coast
  - ◇ Boston and Palo Alto
- ◆ China Lake – Point Magoo
  - ◇ Suits vs Jeans and Boots
- ◆ Texas vs “Rest of the World”



# **Process Improvement in Different Types of Organizations**



# Work Organization Paradigms

- ◆ If we are interested in fully understanding the organization and management of projects, then it is reasonable to ask:
  - ◇ How is it possible for groups of people to carry out coordinated efforts?
  - ◇ What are the various possibilities for doing so?
- ◆ Organization paradigms can be understood as variations in how working groups set priorities and deal with certain fundamental, unavoidable issues in all human endeavors

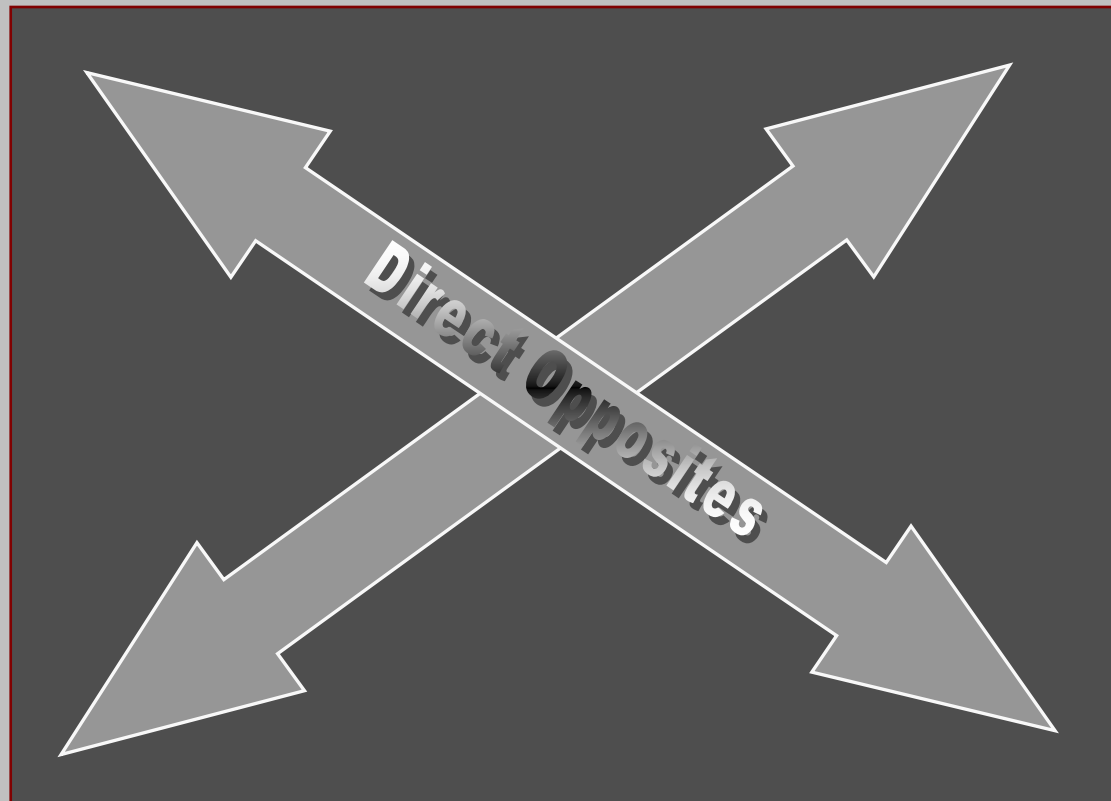
# Relationships Among Reference Organizational Paradigms

Random

Innovative  
Independence

Open

Adaptive  
Collaboration

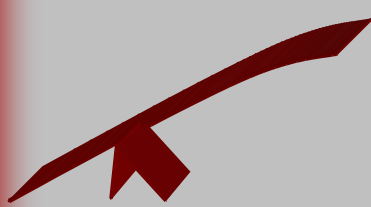


Traditional  
Hierarchy

Closed

Harmonious  
Alignment

Synchronous



# Using Constantine's Organizational Paradigms

- ◆ A framework for understanding the full range of variations in how development projects can be organized and managed
- ◆ Four different types of organizational paradigms
  - ◆ Closed
  - ◆ Random
  - ◆ Open
  - ◆ Synchronous



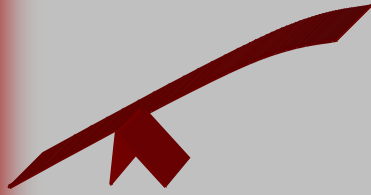
# Closed Organization

## ◆ Strengths

- ◆ Stable
- ◆ Clear lines of authority
- ◆ Traditional hierarchy
- ◆ Responds to incremental change
- ◆ Predictable performance on routine tactical projects

## ◆ Weaknesses

- ◆ Weak on innovation
- ◆ Requires strong leadership to change
- ◆ Change and diversity not valued
- ◆ Individuality often thought of as disloyal



# Random Organization

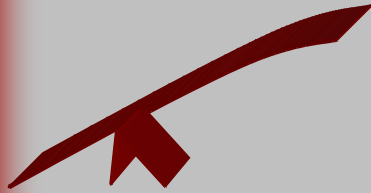
## ◆ Strengths

- ◆ Able to make creative breakthroughs
- ◆ Independence
- ◆ Free expression and individual freedom
- ◆ Thrives on change

## ◆ Weaknesses

- ◆ Requires strong leader (with personality and enthusiasm)
- ◆ Not stable or efficient
- ◆ Weak follow-through
- ◆ Less able to sustain change
- ◆ Difficulty in meeting deadlines





# Open Organization

## ◆ Strengths

- ◆ Adaptable and flexible
- ◆ Share information freely
- ◆ Changes open to negotiation
- ◆ Excel at solving complex problems

## ◆ Weaknesses

- ◆ Waste time in non-results oriented debate
- ◆ Lack of hierarchy may lead to lack of accountability
- ◆ Personnel need to be involved in planning changes and frequently undermine directives from above



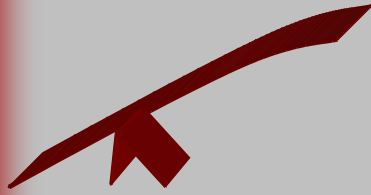
# Synchronous Organization

## ◆ Strengths

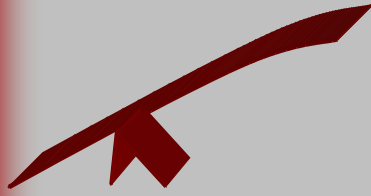
- ◆ Harmony
- ◆ Common goals
- ◆ Unified vision—an ideal of cooperation
- ◆ Remarkably efficient in performing established procedures

## ◆ Weaknesses

- ◆ Little authentic negotiation or discussion
- ◆ Doesn't respond well to change



# **Being A Quality Company**



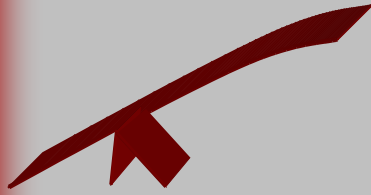
# Being A Quality Company

- ◆ Being a quality company means **going beyond** your factory floors, for example **to both your suppliers and your customers**
- ◆ You can't give people a reliable product without having a **reliable process** to build it with
- ◆ Achieving quality involves finding out what the customers need and who are the customers
- ◆ Five things you want to go up
  - ◆ Customer satisfaction
  - ◆ Quality
  - ◆ People
  - ◆ Market Share and Revenue
  - ◆ Profit



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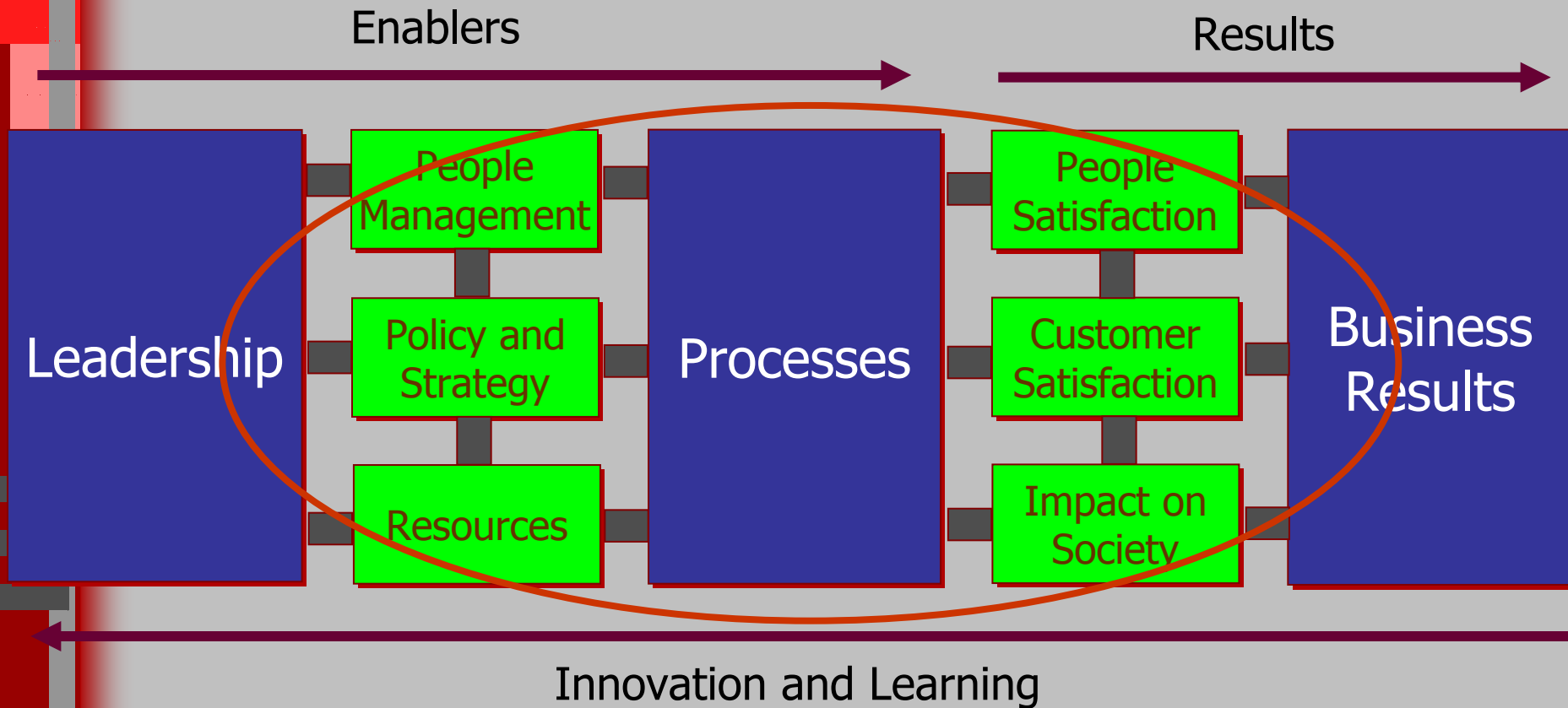
# **Standards, Models, and Concepts Supporting Customer Orientation**

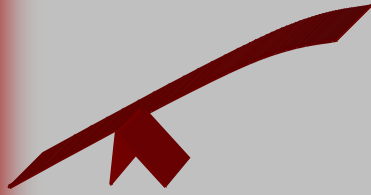


# **European Foundation for Quality Management EFQM**

# EFQM Overview

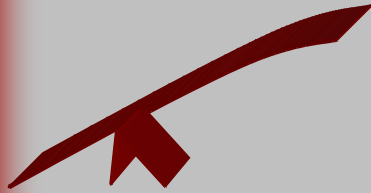
## Equivalent CMMI Coverage





# **Baldrige Award**





# The Baldrige Award

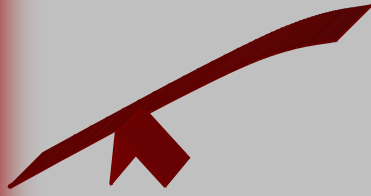
- ◆ The Baldrige Award is the highest quality prize in the United States and was designed to encourage American companies to improve themselves and continue to improve themselves



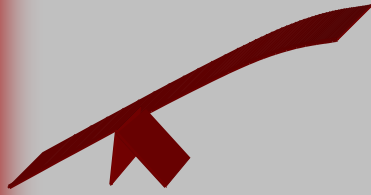
# The Baldrige Award - 2

## ◆ Seven Categories

- ◆ Strategic Quality Planning (60 Points)
- ◆ Information and Analysis (70 Points)
- ◆ Leadership (100 Points)
- ◆ Quality Assurance (140 Points)
- ◆ Human Resource Utilization (150 Points)
- ◆ Quality Results (180 Points)
- ◆ Customer Satisfaction (300 Points)



# **Six Sigma**



# Six Sigma

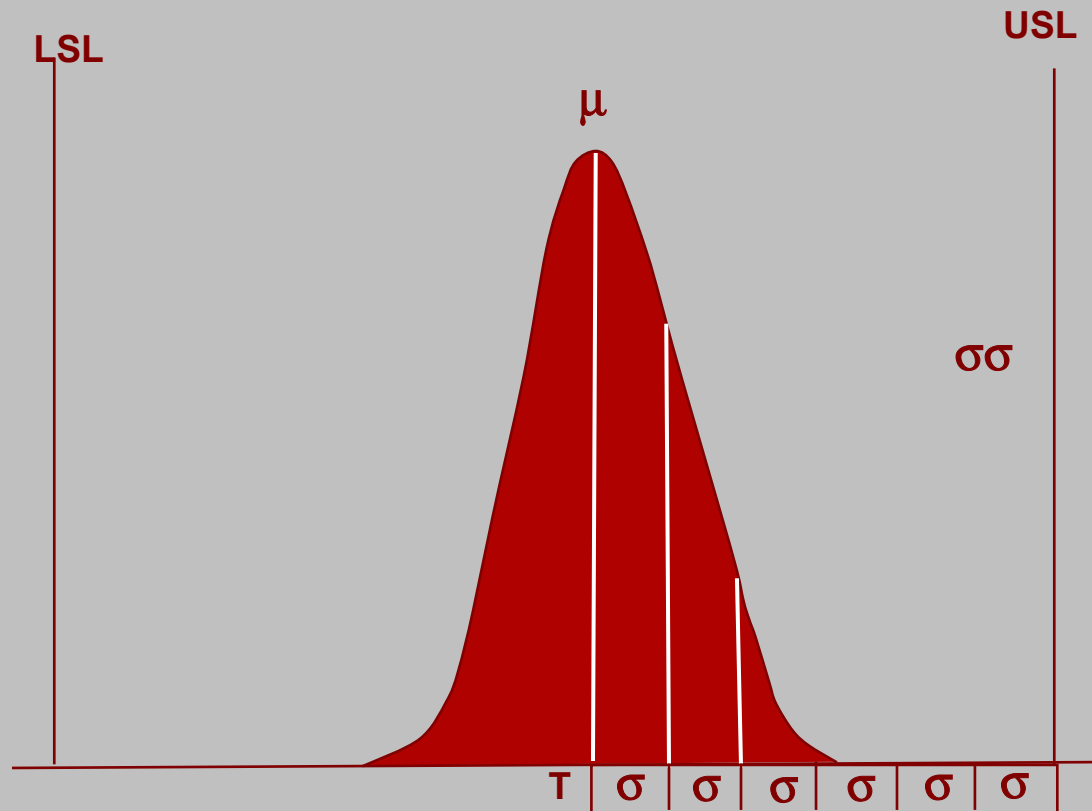
- ◆ Six Sigma has been defined as a smarter way to manage a business or department
- ◆ Six Sigma **puts the customer first** and uses facts and data to drive better solutions
- ◆ Six Sigma efforts target three main areas:
  - ◆ Improving customer satisfaction
  - ◆ Reducing cycle time
  - ◆ Reducing defects



# Six Sigma - 2

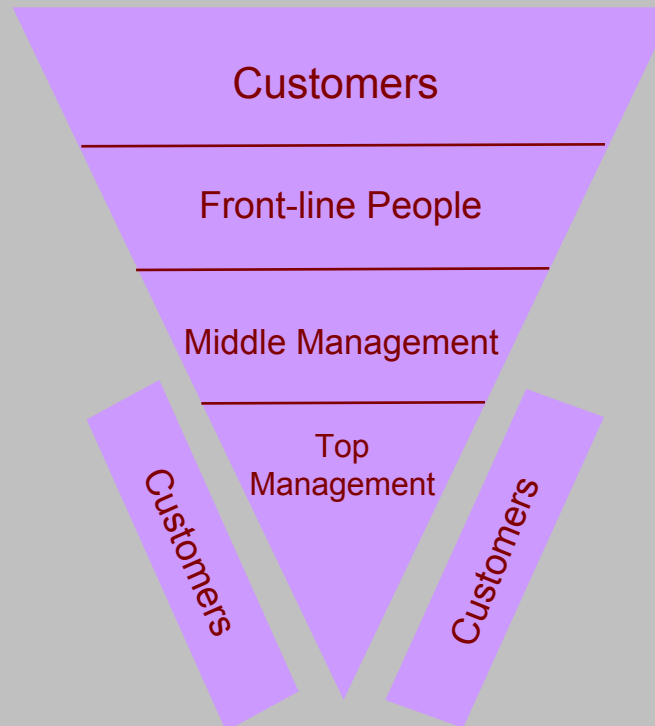
- ◆ Six Sigma driven improvements represent dramatic savings to businesses as well as opportunities to **retain customers**, capture new markets and build a reputation for top performing products and services
- ◆ Six Sigma is a business initiative that embraces the total management commitment and philosophy of excellence, **customer focus**, process improvement and the rule of measurement – not just gut feel
- ◆ Six Sigma advocates **describe the customer focus as a required obsession** because the external customers buy your business's product and services

# A Six Sigma Process



A Six Sigma ( $6\sigma$ ) Process

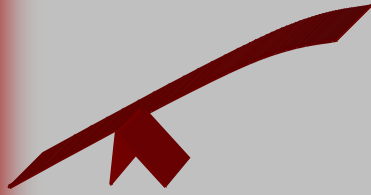
# Six Sigma Customer Driven Organizations



The Correct View of the Customer-Driven Organization Chart

Marketing Management: Analysis, Planning, Implementation and Control

Philip Kotler © Prentice Hall



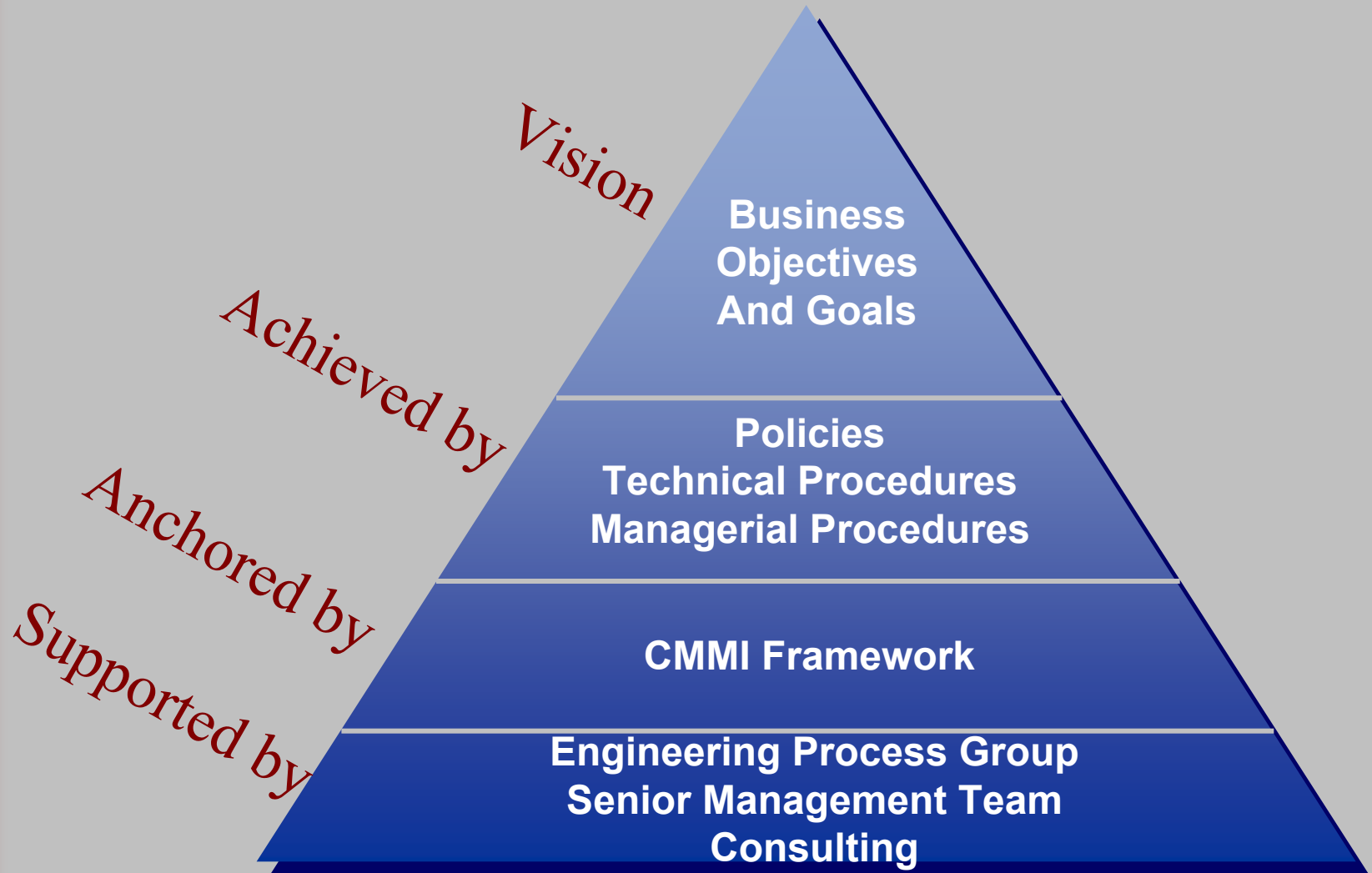
# **CMM Integration** **CMMI®**



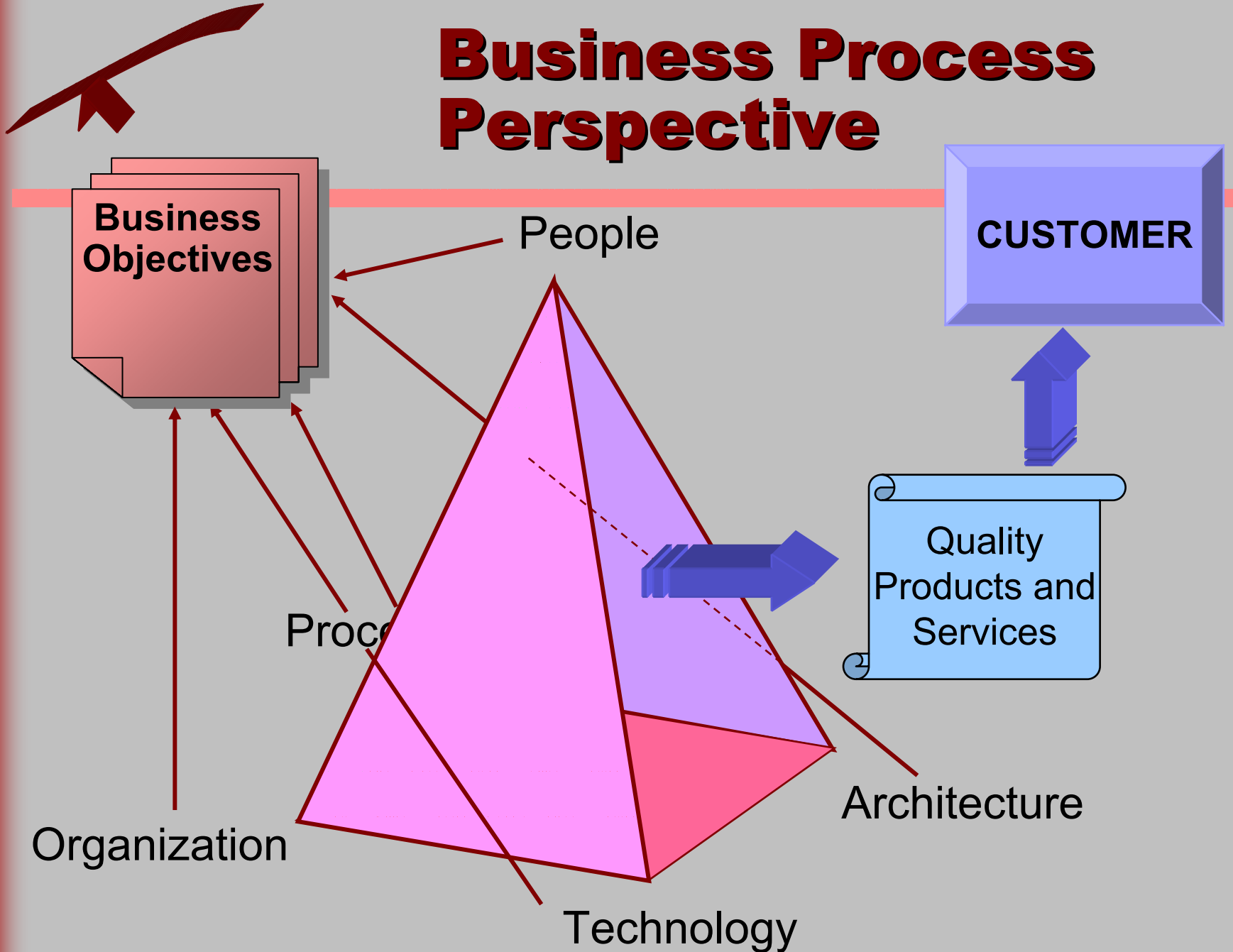
# CMMI Overview

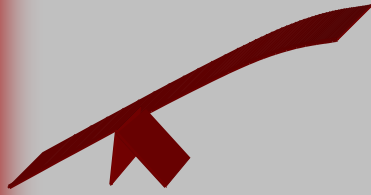
Level	Process Characteristics	Process Areas																
<b>5</b> Optimizing	Focus is on quantitative continuous process improvement	Causal Analysis and Resolution Organizational Innovation and Deployment																
<b>4</b> Quantitatively Managed	Process is measured and controlled	Quantitative Project Management Organizational Process Performance																
<b>3</b> Defined	Process is characterized for the organization and is proactive	<table border="0"> <tr> <td>Requirements Development</td> <td>Integrated Project Management</td> </tr> <tr> <td>Technical Solution</td> <td>Integrated Teaming</td> </tr> <tr> <td>Product Integration</td> <td>Organizational Environment</td> </tr> <tr> <td>Verification</td> <td>For Integration</td> </tr> <tr> <td>Validation</td> <td>Integrated Supplier Management</td> </tr> <tr> <td>Organizational Process Focus</td> <td>Risk Management</td> </tr> <tr> <td>Organization Process Definition</td> <td>Decision Analysis &amp; Resolution</td> </tr> <tr> <td>Organizational Training</td> <td></td> </tr> </table>	Requirements Development	Integrated Project Management	Technical Solution	Integrated Teaming	Product Integration	Organizational Environment	Verification	For Integration	Validation	Integrated Supplier Management	Organizational Process Focus	Risk Management	Organization Process Definition	Decision Analysis & Resolution	Organizational Training	
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<b>2</b> Managed	Process is characterized for projects and is often reactive	<table border="0"> <tr> <td>Requirements Management</td> <td>Configuration Management</td> </tr> <tr> <td>Project Planning</td> <td>Measurement and Analysis</td> </tr> <tr> <td>Project Monitoring and Control</td> <td></td> </tr> <tr> <td>Supplier Agreement Management</td> <td></td> </tr> <tr> <td>Product and Process Quality Assurance</td> <td></td> </tr> </table>	Requirements Management	Configuration Management	Project Planning	Measurement and Analysis	Project Monitoring and Control		Supplier Agreement Management		Product and Process Quality Assurance							
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<b>1</b> Initial	Process is unpredictable, poorly controlled, and reactive																	

# The CMMI Framework Contribution

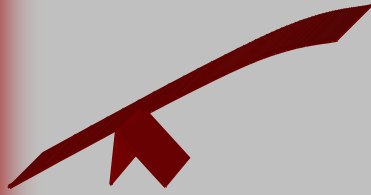


# Business Process Perspective



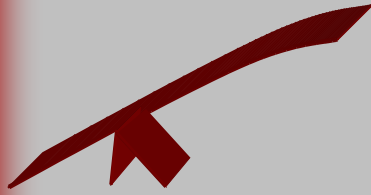


# **Verification and Validation**



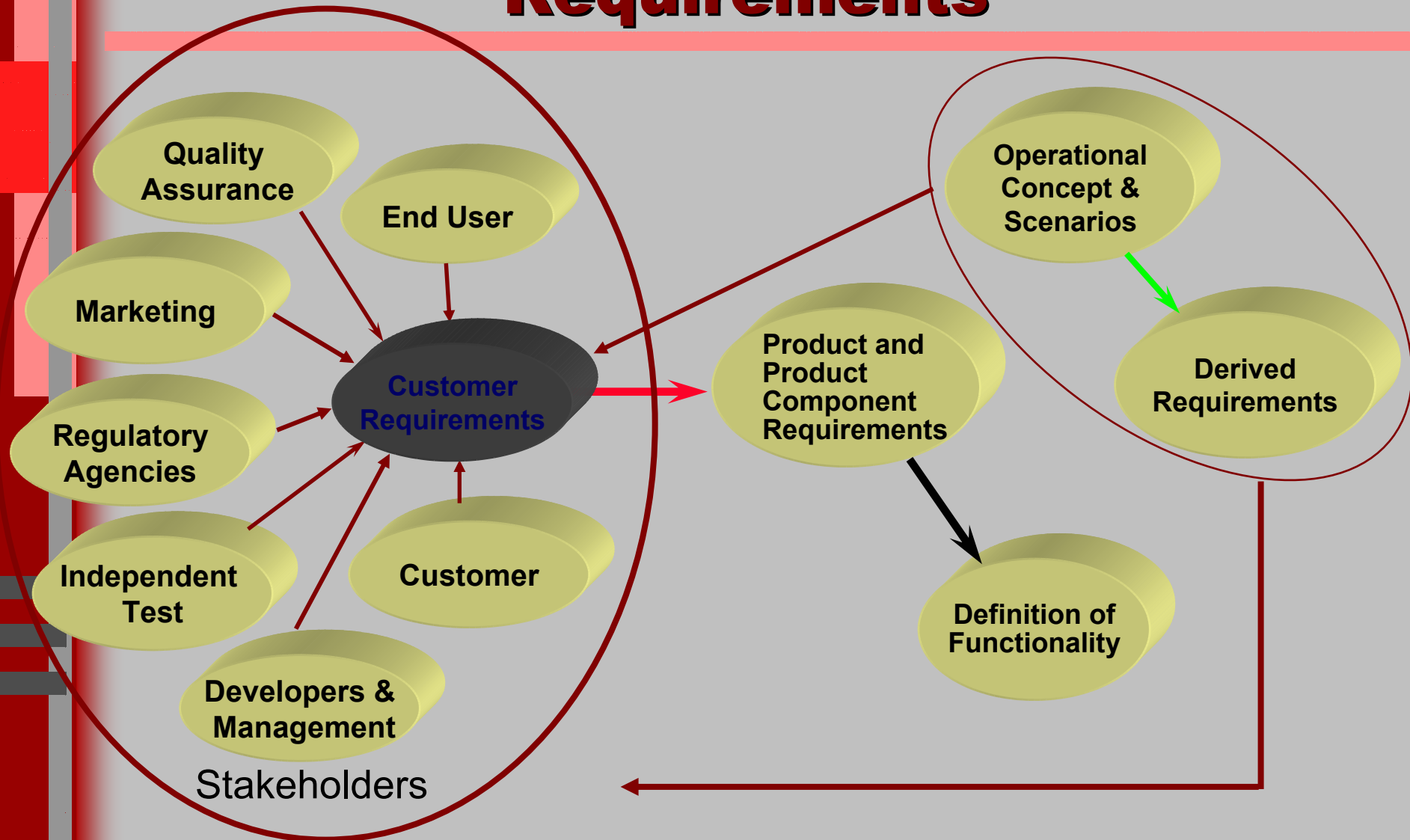
# Verification & Validation

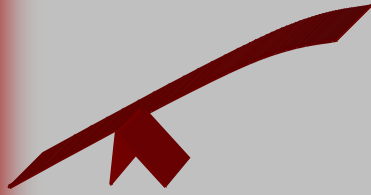
- ◆ **Verification** is used to assure that selected work products **meet their specified requirements**
  - ◇ Verification assures “You built it right”
  
- ◆ **Validation** is used to demonstrate that a product or product component fulfills its intended use when placed in its intended operational environment and utilized by the intended users
  - ◇ Validation assures “You built the right thing”



# **Validating Requirements Throughout the Product Lifecycle**

# Customer, Product, and Product Component Requirements





# Elicitation Techniques

- ◆ Examples of techniques to identify and elicit Stakeholders' needs include:
  - ◆ Dialogue
  - ◆ Scenario reviews
  - ◆ Technology demonstrations
  - ◆ Models
  - ◆ Simulations
  - ◆ Prototypes
  - ◆ Brainstorming
  - ◆ Observations of existing systems
  - ◆ Extractions from sources such as documents, standards, and specifications

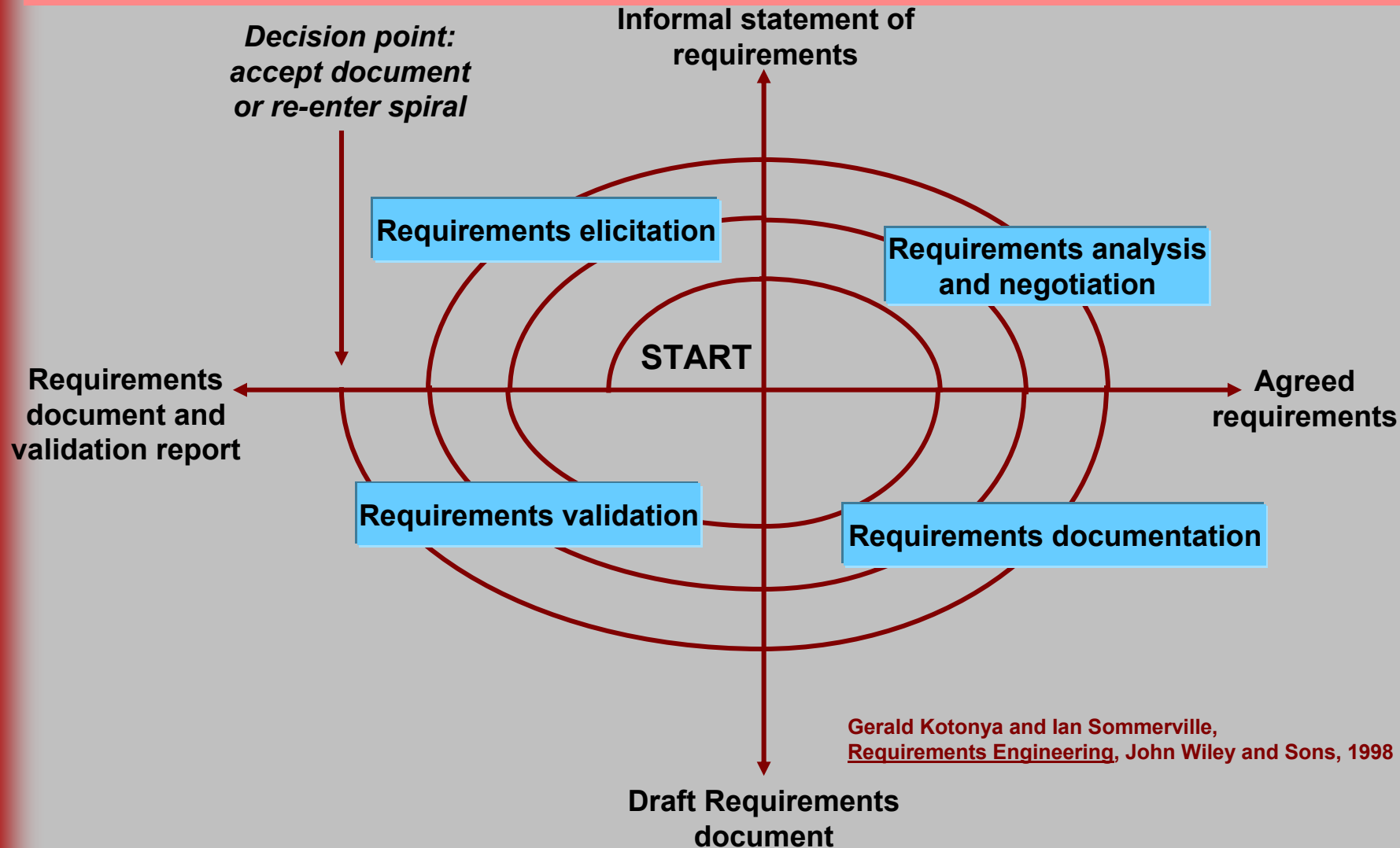




# Validating Requirements

- ◆ Customer requirements should be **validated** early in the development schedule to **gain confidence** that the customer requirements are capable of guiding a development that results in the customer's operational needs being met
  - ◆ Simulations
  - ◆ Prototypes
  - ◆ Analyses
  - ◆ Scenarios
  - ◆ Storyboards

# Validating Requirements

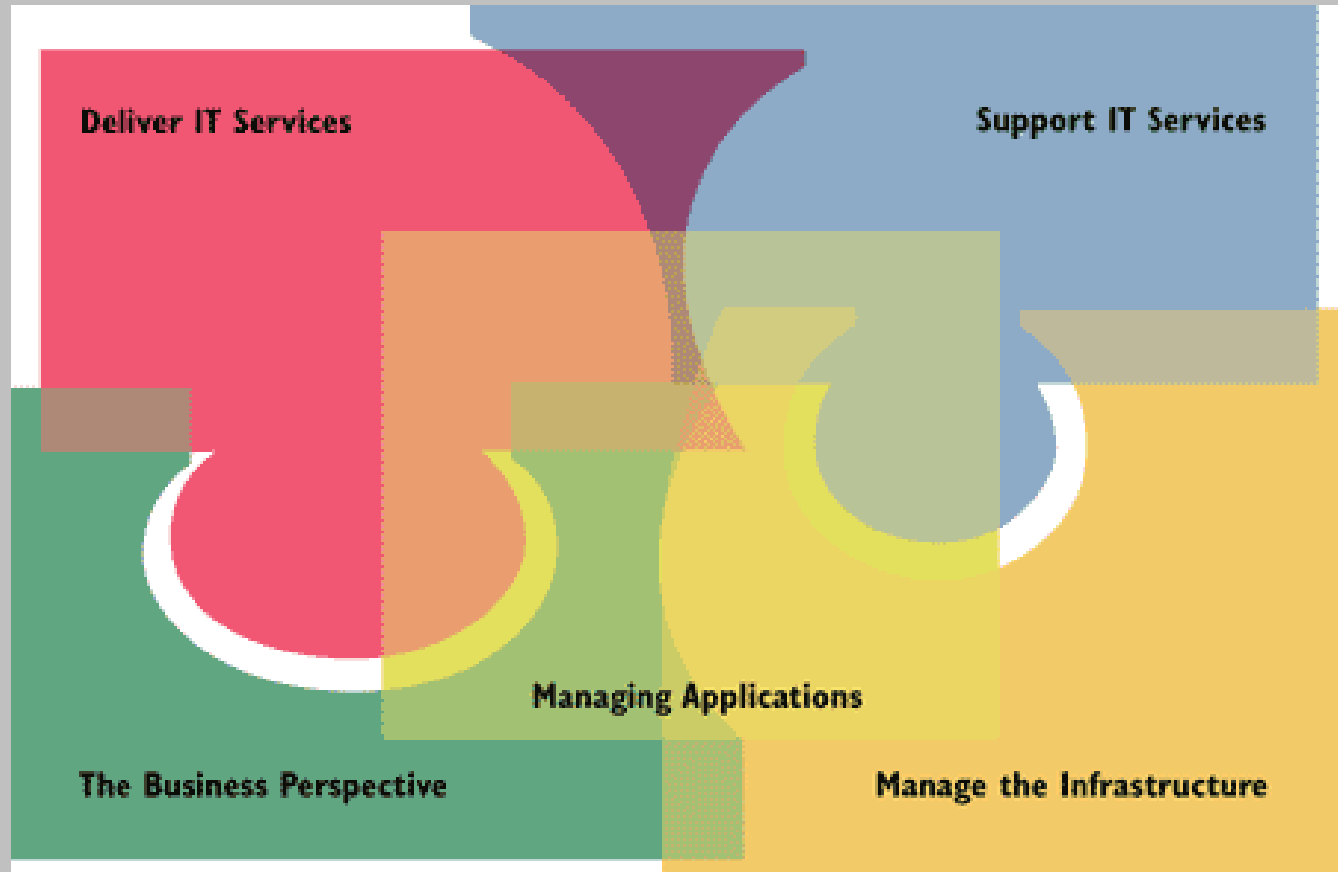




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# **IT Infrastructure Library ITIL**

# Jigsaw Diagram





# Why ITIL?

- ◆ Organizations are increasingly dependent upon IT to satisfy their corporate aims and meet their business needs
  - ◆ This growing dependency leads to growing needs for quality IT services – **quality that is matched to business needs and user requirements as they emerge**



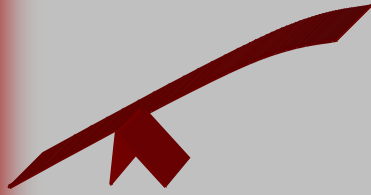
# Why ITIL? - 2

- ◆ IT Service Management is concerned with delivering and supporting IT services that are:
  - ◆ Appropriate to the business requirements / objectives of the organization
  - ◆ Result in **higher customer satisfaction**



# ITIL Background

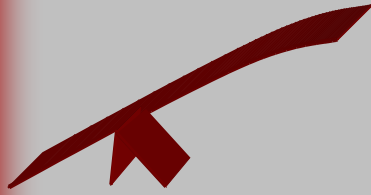
- ◆ Developed in the late 1980s, the IT Infrastructure Library (ITIL) has become the world-wide *de facto* standard in **Service Management**
- ◆ Starting as a guide for UK government, the framework has proved to be useful to organizations in all sectors
- ◆ ITIL is a framework that describes the goals, general activities, inputs and outputs of the various Service Management processes, which can be incorporated within IT organizations



# ITIL Background - 2

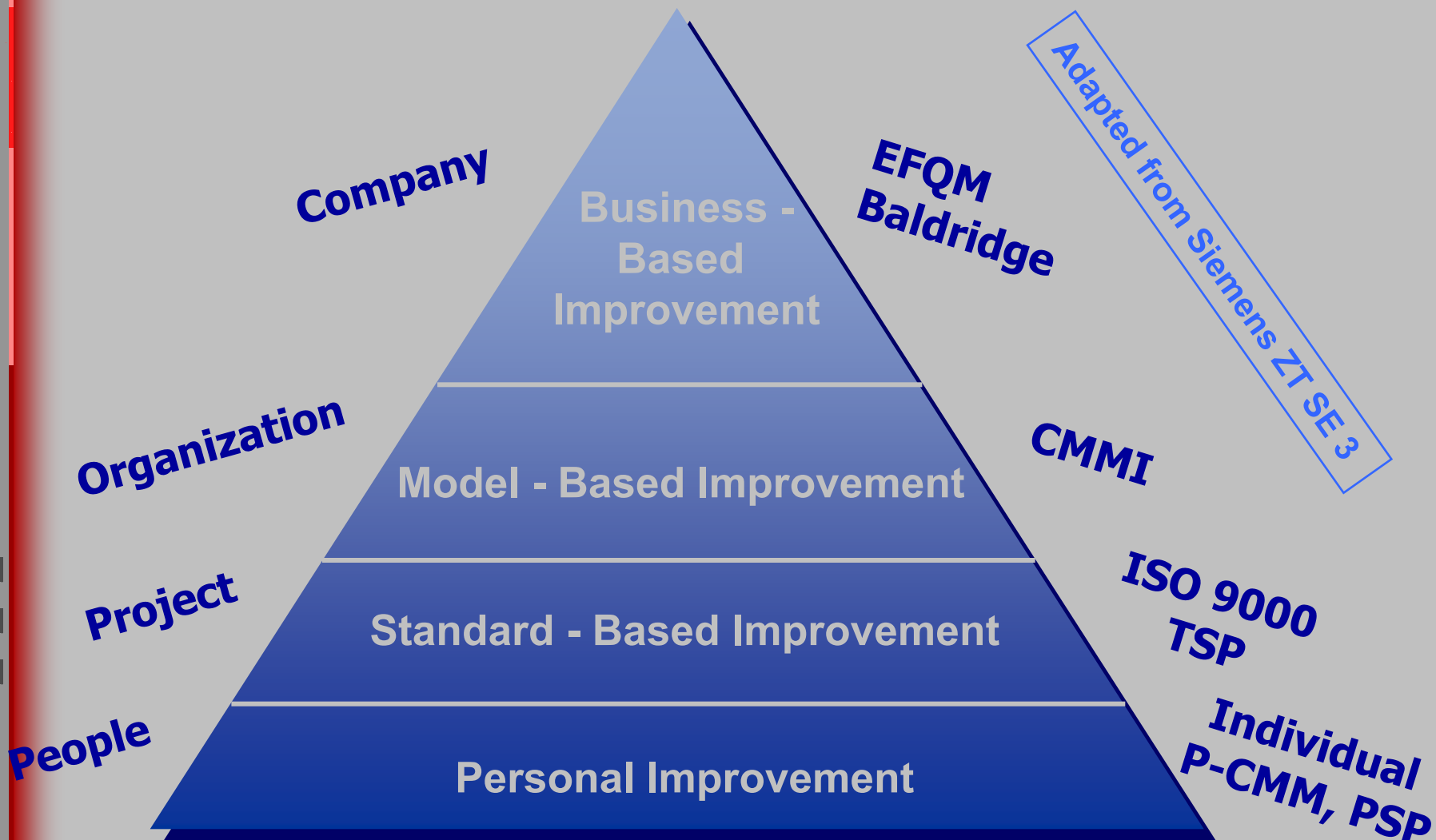
- ◆ ITIL focuses on both tactical and operational level
  - ◆ Tactical processes are centered on the relationships between the IT organisation and their Customers
  - ◆ **Service Delivery** is partially concerned with setting up agreements and monitoring the targets within these agreements.
  - ◆ On the operational level, the Service Support processes can be viewed as responding to the changes needed in, and any failures in, the services laid down in these agreements

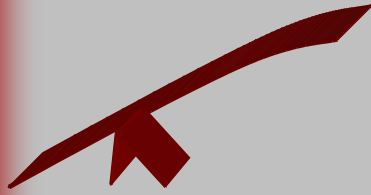




# **End-to-End Quality**

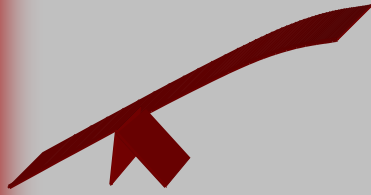
# Business Process Improvement Model





# What Business Are You in?

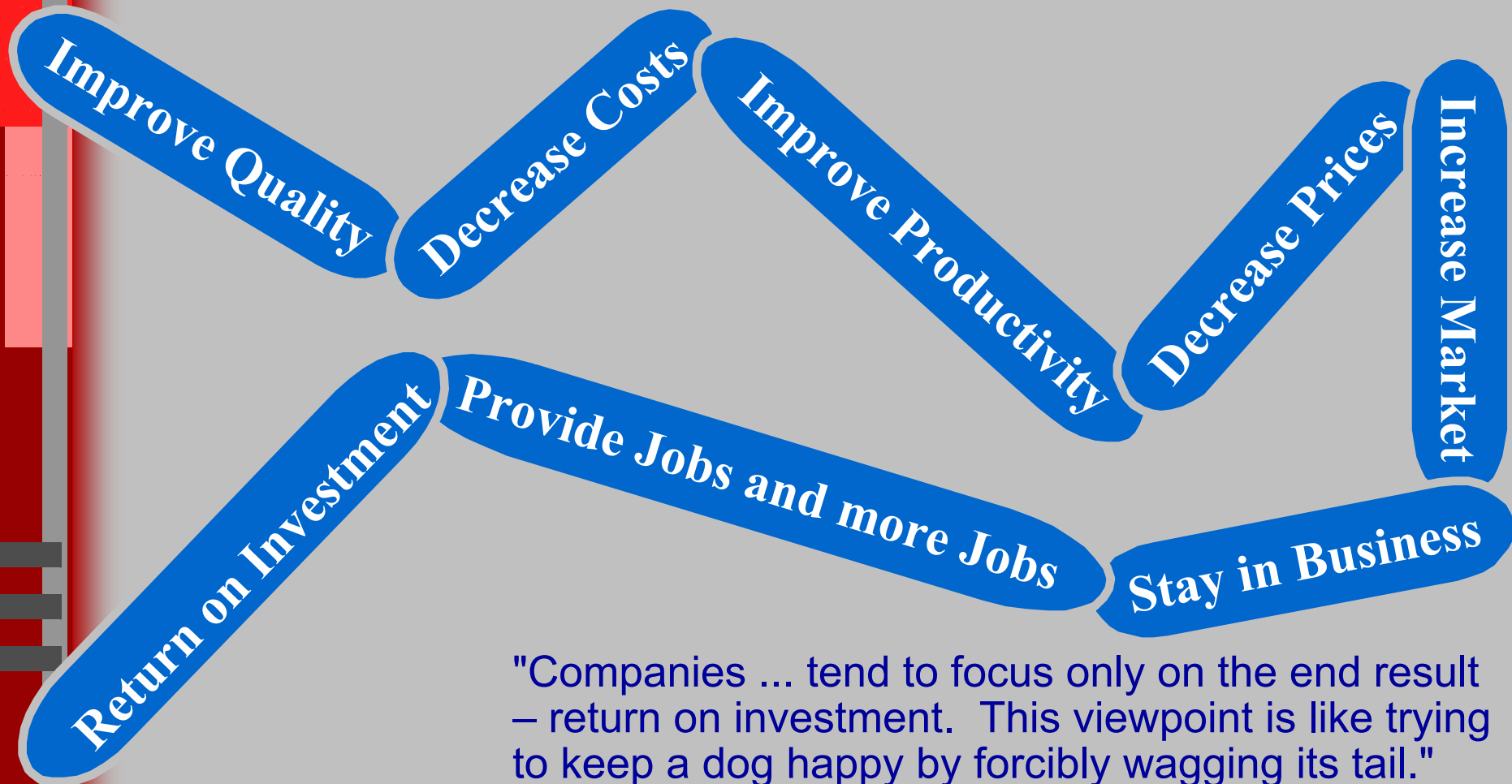
- ◆ What Business Are You in?
- ◆ How does each department contribute to this business success?
- ◆ How do these departments interact with each other to maximize company profit and achieve business goals?
- ◆ What business processes exist in each department to optimize its product quality and minimize interface conflicts?



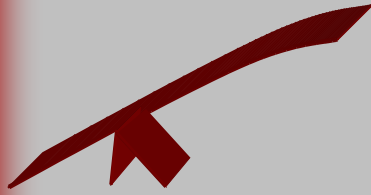
# What Business Are You in? - 2

- ◆ What standards and models are you using to accomplish daily tasks?
- ◆ What personal processes are being used for each person to optimize his/her performance?
- ◆ Does each person understand his/her role in supporting the Organization's business quality goals?

# The Deming Quality Chain



"Companies ... tend to focus only on the end result – return on investment. This viewpoint is like trying to keep a dog happy by forcibly wagging its tail."



# Thank You





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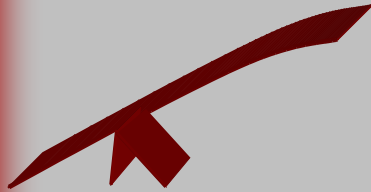
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