

ZERO MANAGEMENT!

***BRINGING BUSINESS INTO THE
SECOND MILLENIUM***



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TODAY'S BUSINESS MANAGEMENT

- **Enterprise Objectives Are Seldom Actionable**
 - CORPORATE CHARTERS, EXECUTIVE POLICIES
- **Enterprise Progress Isn't Quantifiable**
 - DISTINCT FROM PROFITABILITY, OTHER PERFORMANCE METRICS
- **Management Processes Are Fragmented**
 - STRATEGIC OBJECTIVES AREN'T OBVIOUSLY CONNECTED TO TACTICAL OBJECTIVES AND ACTIONS?
- **Knowledge Assets Are Intangible**
 - INCOMPLETE ASSET VALUATION
 - GROW STALE, LOST WHEN PEOPLE LEAVE
 - NOT MAINTAINED IN A USABLE FORMAT

THE PERILS OF REACTIVE MANAGEMENT

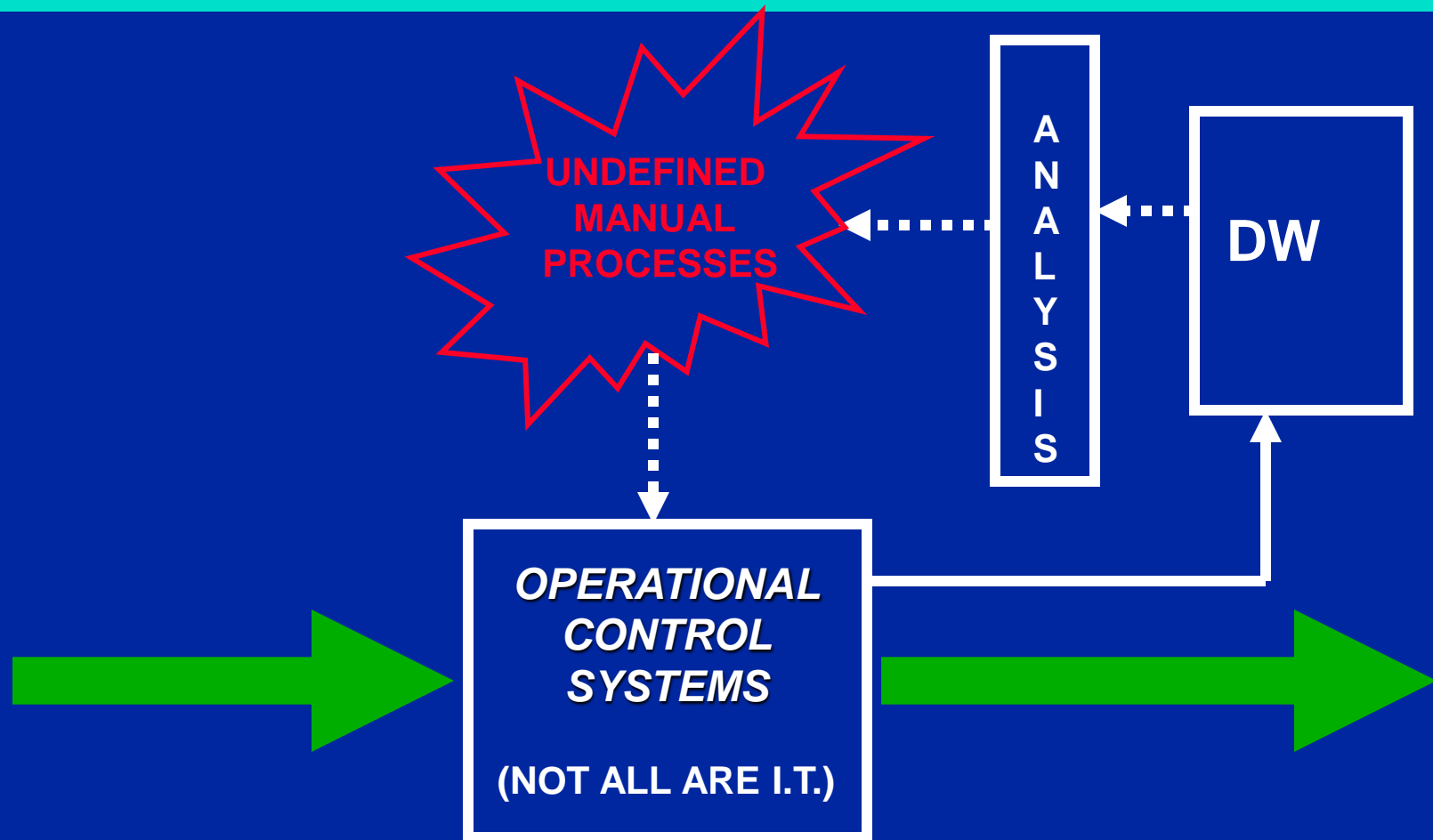
- **Does NOT Permit Capture of:**
 - ANALYSIS GUIDELINES
 - MANAGEMENT POLICY (STRATEGIC PLANNING)
 - DECISION RULES
- **Cannot Enable Automation of Critical Portions of the Business!**
- **Poor Business Response to Sudden Changes**
 - OBSERVATIONS ARE MEDIATED BY MANUAL DSS
 - LITTLE INFLUENCE OF HISTORY ON DECISIONS
 - » Learning from mistakes is difficult
 - PRIMARILY MANUAL CONVEYANCE OF STRATEGIES
 - REQUIRES INTEPRETATION BEFORE IMPLEMENTATION

TRADITIONAL DECISION PROCESS

- Management Decisions Traditionally Based on Contextual Judgement
 - POOR RECORDS KEEPING OF SITUATION, REASONING, AND DECISION
 - LITTLE FEEDBACK ON RESULTS
 - DECISION IS HEURISTIC AND AD-HOC
 - NOT PREFERRED BY MANAGERS
 - BUSINESS CAN'T "LEARN"
 - DECISIONS ARE SLOW, EVEN IF REPEATED
 - "POLICY MANUALS" DON'T FIX THE PROBLEM (NO ONE READS THEM)

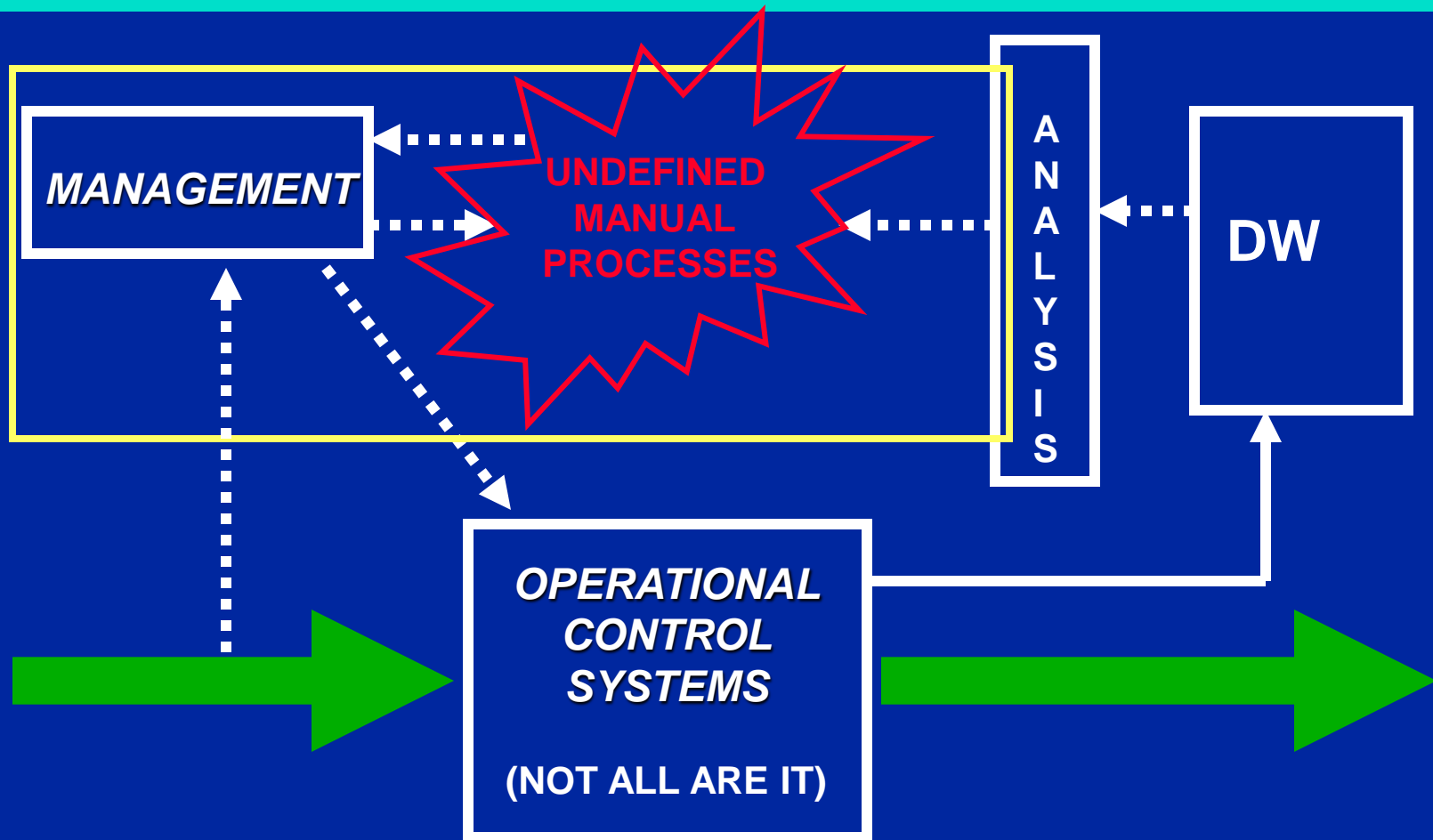
SUPPORTING THE JUDGEMENT

THE DATA WAREHOUSE APPROACH



SUPPORTING THE JUDGEMENT

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MARKET PRESSURES

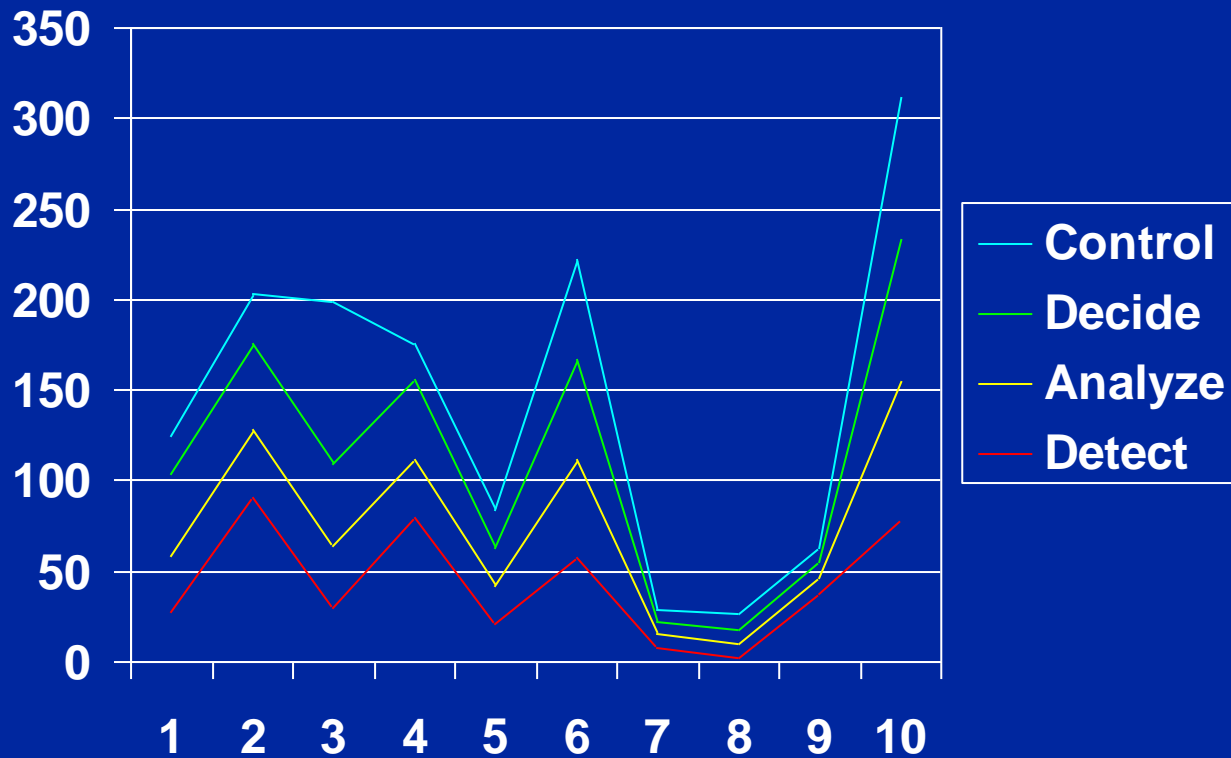
THE NEW MILLENIUM

- **Rapid Change Demands Fast Operational Action**
 - MANAGEMENT CAN'T ANALYZE INFORMATION
 - MANAGEMENT CAN'T EVEN TO BE INFORMED
 - I.T. CAN'T DELIVER FAST ENOUGH
- **Electronic Commerce**
 - \$236 BILLION U.S. BY YEAR 2002 (FORRESTER RESEARCH)
- **Globalization, Build to Order, App. Integration, ...**
- **Old Style Management Won't Suffice**
 - TOO SLOW AND AD-HOC

CONCLUSION

Businesses Must Change to Survive

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ZERO MANAGEMENT

THE CONCEPT

- **ZERO MANAGEMENT: AN EFFECTIVENESS GOAL**
 - A RALLYING CRY LIKE *ZERO DEFECTS* AND QUALITY CONTROL
- **REDUCE *TRADITIONAL* MANAGEMENT AUTHORITY STRUCTURE TO ZERO**
 - ENABLE AUTONOMY, OWNERSHIP, AND DISTRIBUTION
- **REDUCE TRADITIONAL MANAGEMENT PROCESSES TO ZERO**
 - TRADITIONAL ANALYSIS, DECISION CYCLE DOESN'T WORK
 - ENABLE FAST CYCLE TIMES FOR MANAGEMENT
 - AVOID THE DEADLY “MEMO-MEDIATED MANAGEMENT”
 - VISIBILITY AND REACTION OPPORTUNITY TRENDING TO ZERO
 - AVOID REACTIVE DECISIONS & ENABLE PROACTIVE DECISION RULES!

ZERO MANAGEMENT GUIDELINES

- RESPOND RAPIDLY VIA PREDICTIVE SYSTEMS
- ANTICIPATE SHORT TERM CHANGES
- REACT WITH MANY COORDINATED SMALL DECISIONS
- APPLY OVER SHORT INTERVAL
- MINIMIZE ERROR IMPACT, MAXIMIZE LEVERAGE
- CAPTURE KNOWLEDGE ASSETS
 - EVERY DECISION IMPLEMENTED AS A RULE
 - PERFORMANCE MEASURES IDENTIFIED

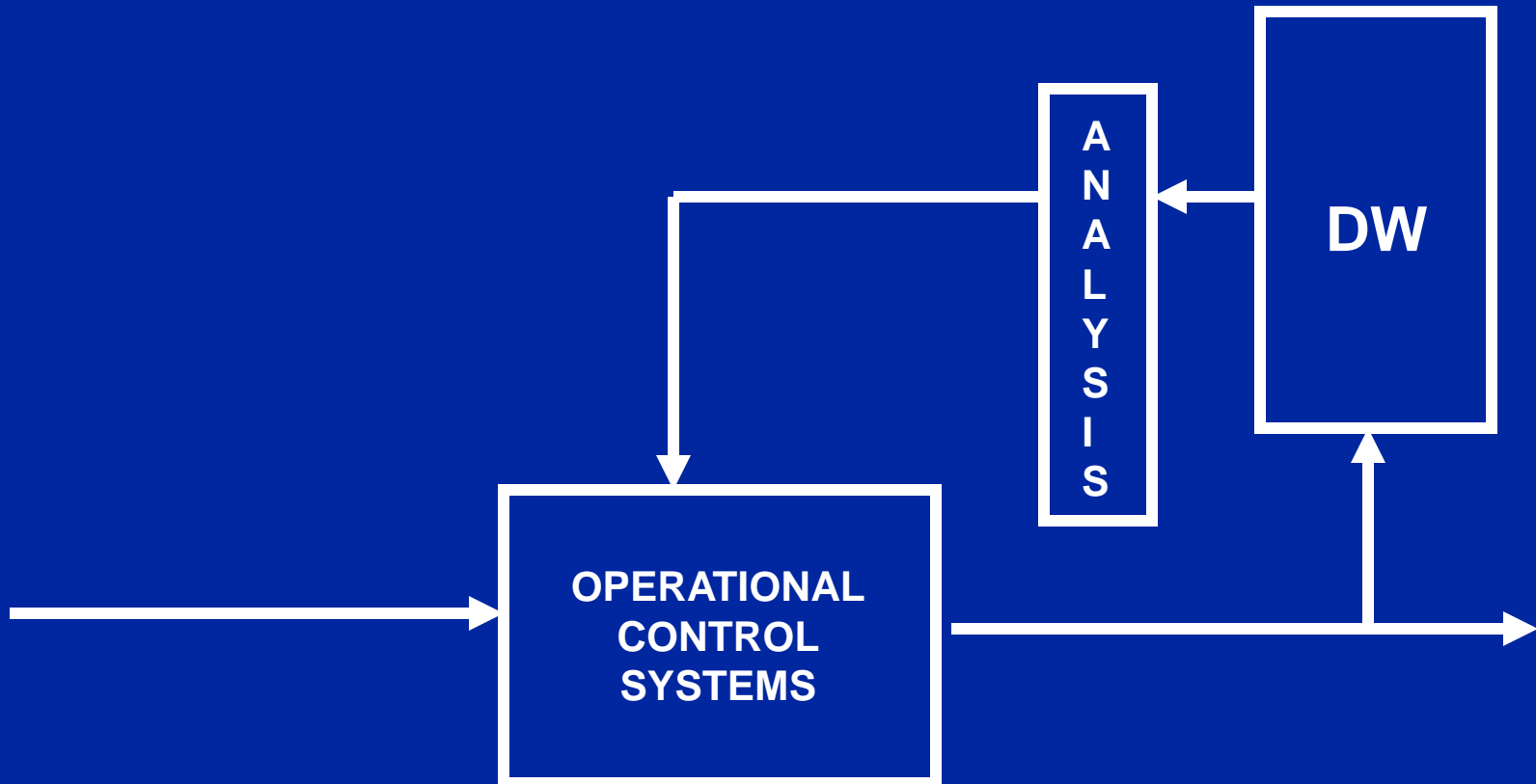
MANAGEMENT'S NEW ROLE

CREATING RULE-BASED ACTIVE MODELS

- **Traditional Reactive Management**
 - MONITORS AND IDENTIFIES “IMPORTANT” BUSINESS EVENTS
 - ANALYZES BUSINESS REQUIREMENTS
 - IDENTIFIES PLAN OF ACTION
- **Zero Management Approach Is Anticipatory**
 - ANTICIPATE BUSINESS CONDITIONS THAT WOULD SIGNAL CHANGE
 - ANTICIPATE APPROPRIATE ACTIONS
 - STATE THESE AS RULES
 - MONITOR RULE EFFECTIVENESS
 - TUNE AND EVOLVE THE RULES
 - HANDLE EXCEPTIONAL SITUATIONS MANUALLY
 - » An opportunity to define new rules!

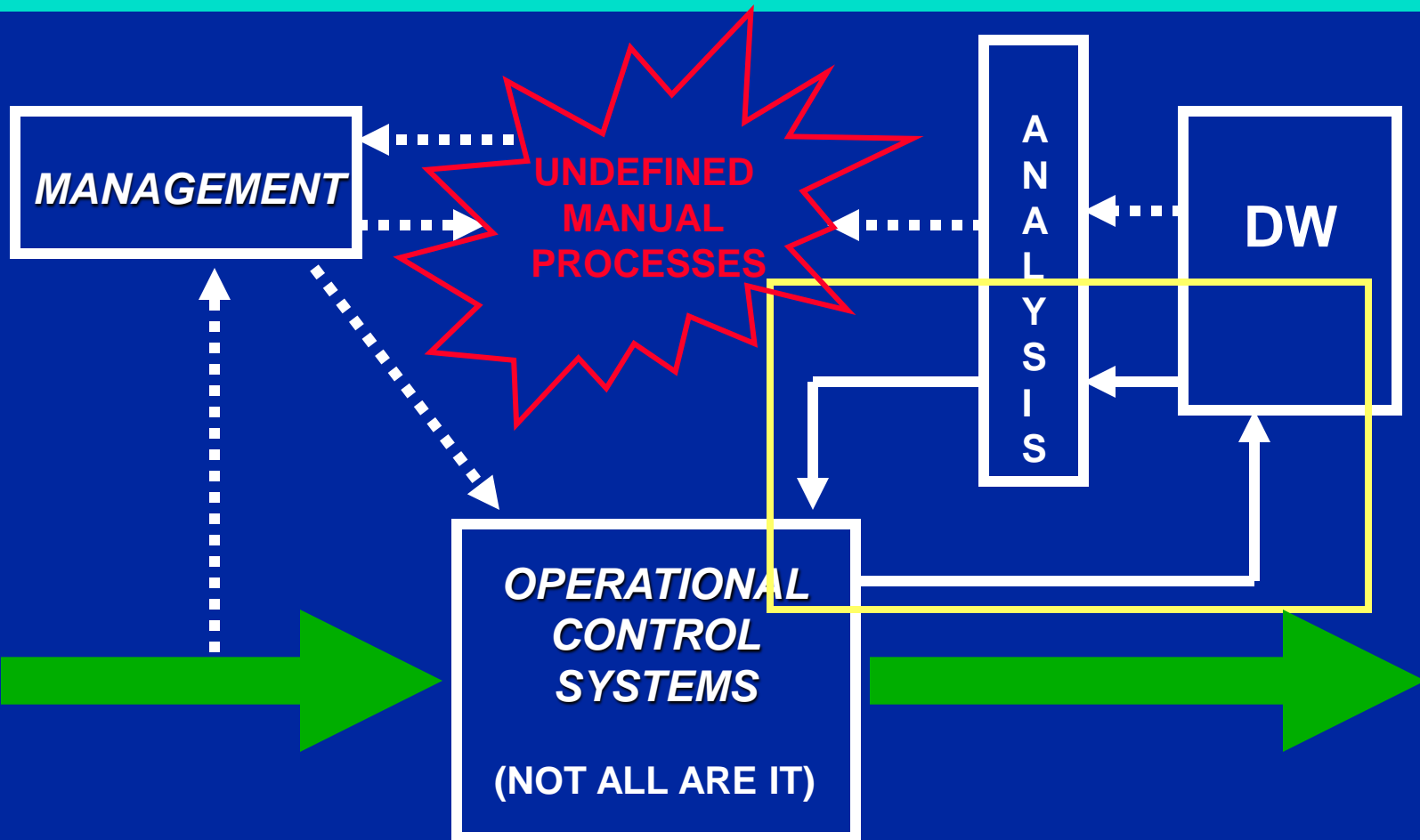
OLDM

IT BEYOND THE DATA WAREHOUSE



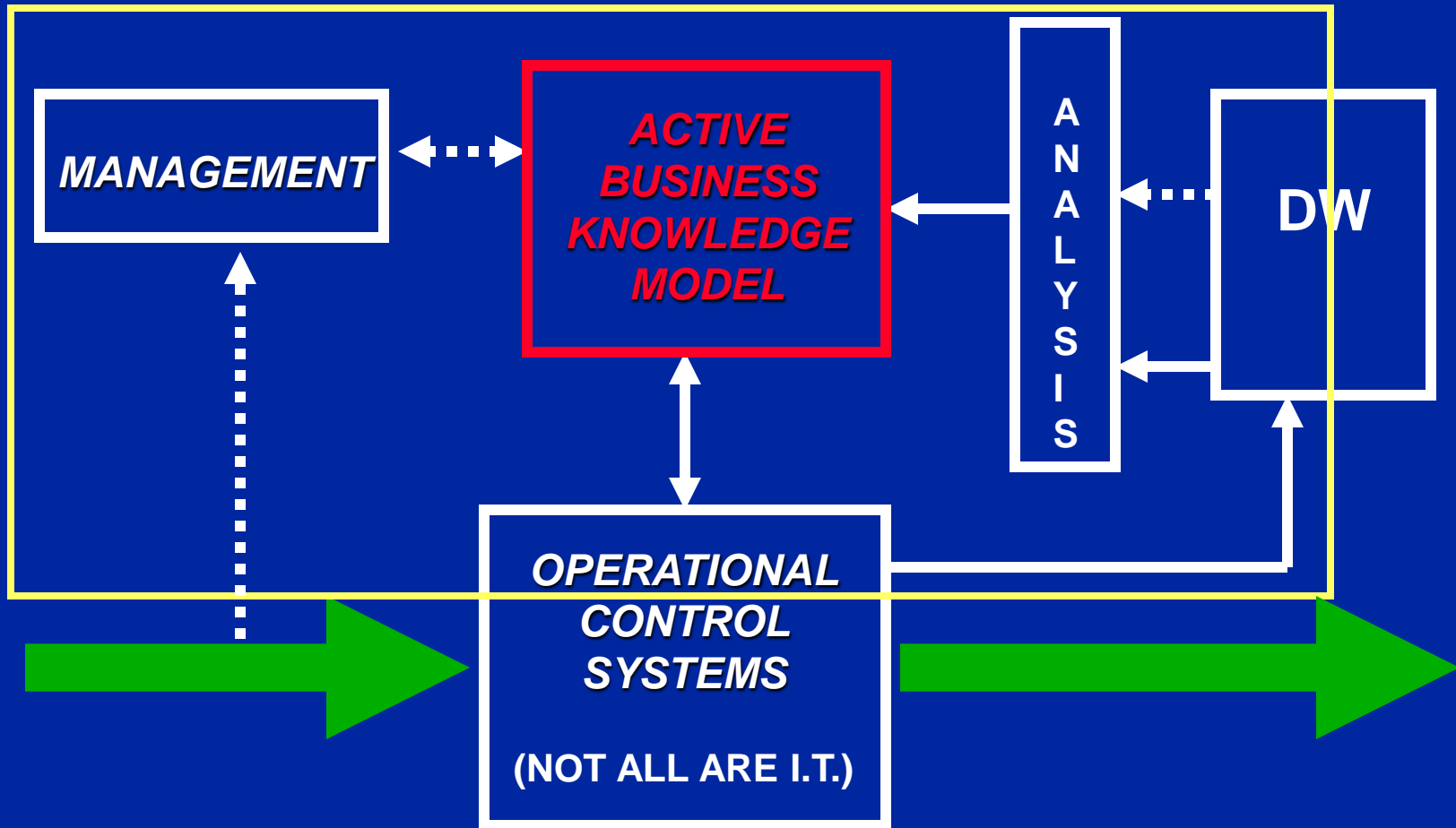
OLDM

CLOSED LOOP DSS



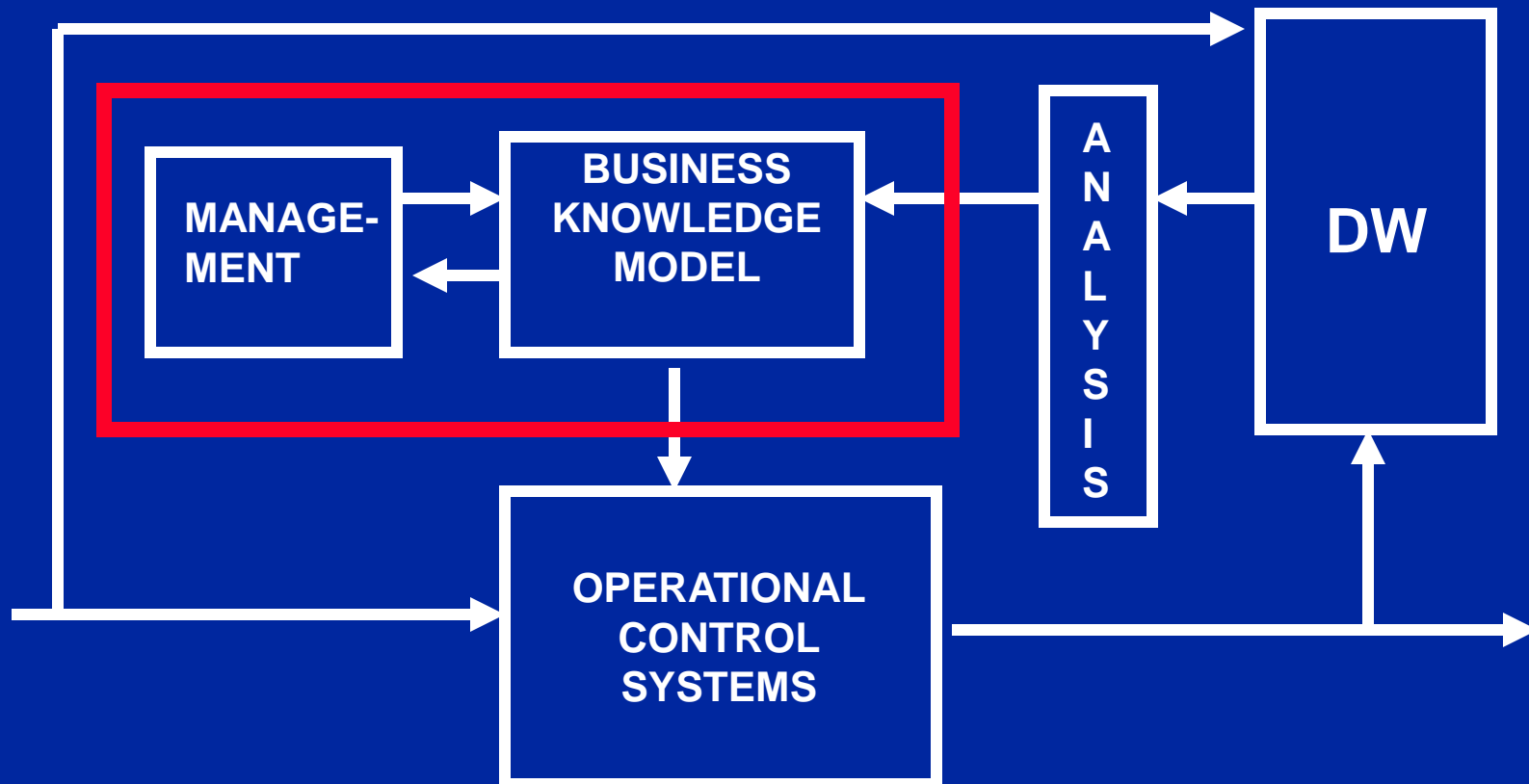
ZERO MANAGEMENT AND OLDM

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ZERO MANAGEMENT AND OLDM

IT BEYOND THE DATA WAREHOUSE



ZERO MANAGEMENT

CONCEPT INTRODUCTION PLANS

- **WRITING A BOOK ON THE SUBJECT**
 - THE “ONE MINUTE TO ZERO MANAGEMENT” BOOK
 - TARGET AUDIENCE: MANAGERS AND EXECUTIVES
 - DESCRIBE, JUSTIFY, AND MOTIVATE THE VISION
- **IDENTIFYING EXAMPLES OF POINT SOLUTIONS**
- **IDENTIFYING KEY COMPANIES AND PRODUCTS**
- **SEEKING SPONSORSHIP**
 - COMMITMENTS TO THE PRINCIPLES
 - FINANCIAL ENABLEMENT - OFFERING BOOK INCLUSIONS, LEADERSHIP VISIBILITY, ETC. FOR SPONSORS
 - QUOTABLE AUTHORITIES

APPENDIX

THE TECHNOLOGY

WHAT IS OLDM?

(On-Line Decision Management)

- **Highly Integrated OLTP, Decision Support, Business Modeling, and Planning Functions**
 - INCREMENTAL RATHER THAN PERIODIC
- **Immediate Capture or Computation of Decision Support Information**
- **Online Access to Control Information**
- **Immediate Responsiveness to Changes in Control Information**
- **Rule Based**
 - DATABASE EQUIVALENT OF AN EXPERT SYSTEM

OLDM VERSUS OLTP

OLTP Order Processing Example

- **Focus on Collecting Information (Order Acquisition)**
 - CORRECTNESS
 - SPEED
 - QUEUED FOR FULFILLMENT (PACKING, SHIPPING, BILLING)
- **Automated "Customer" Interaction Is Sequential**
 - CUSTOMER ORDERS ARE INPUTS
 - SHIPMENTS AND BILLS ARE OUTPUTS
- ***Only Secondarily* Drive Business Functions**
 - DELAYS OF DAYS OR WEEKS POSSIBLE

OLDM VERSUS OLTP

OLDM Order Processing Example

- **Focus on Customer Satisfaction and Business Profitability**
 - **CORRECTNESS AND SPEED ARE STILL IMPORTANT**
 - **ERRORS AND REPROCESSING ARE AVOIDED**
 - **INVENTORY IS ASSIGNED, BILLING IS PREPARED, AND SHIPPING SCHEDULED *ONLINE***
 - **ONLY PHYSICAL WORK IS POSSIBLY DEFERRED**
 - **PHYSICAL WORK CAN BE SCHEDULED BY SYSTEM BASED ON CUSTOMER REQUIREMENTS, WORK LOADS, AND AVAILABLE RESOURCES**
 - **CUSTOMER CAN BE GIVEN A DELIVERY COMMITMENT**

BUSINESS MANAGEMENT THROUGH INFORMATION

- **Analysis of Historical Records**
 - ORDER PROCESSING, INVENTORY LEVELS, SHIPMENTS, RECEIVABLES, CUSTOMER HISTORY, ETC.
- **Goals Include:**
 - MEASURES OF EFFICIENCY
 - ANTICIPATE CHANGES (PLANNING AND FORECASTING)
 - MAKE ADJUSTMENTS
 - INTEGRATION OF MODEL & CONTROL FUNCTIONS

RULE-BASED MANAGEMENT

- **Create Strategic Rules**

IF

MARKET DEMAND DECREASES

THEN

IMPLEMENT MARKETING CAMPAIGN B1

IF

PROFIT MARGIN DROPS BELOW VALUE X

THEN

ADJUST OVERHEAD BY

- **Must Not Forget Alert Rules**

- IF UNANTICIPATED CONDITION, THEN NOTIFY THE CFO

- **Must Not Be Too Reactive**

- WOULD CAUSE “THRASHING”

OLDM DECISION PROCESS

- **Simultaneous Capture Of:**
 - **DECISION SUPPORT INFORMATION**
 - » **Example: Surveyed customer online in exchange for an additional discount!**
 - **WITH BUSINESS FUNCTION INPUTS**
- **Immediate Computation or Estimation of Secondary Information**
 - **BASED ON PLANNING AND FORECASTING RULES**
- **Decision Support Information Is:**
 - **AVAILABLE ONLINE**
 - **READY TO USE "AS IS"**
- **Management Defined!**

OLDM DECISION PROCESS

- **Derived Data Becomes Control Information**
- **Automation of Analysis and Decision Support**
 - IMMEDIATELY AVAILABLE TO MANAGEMENT
- **Problems Documented On-line**
- **Classes of Problem and Corrective Action Codified**
 - PROBLEM RECOGNITION
 - DECISION RULES

OLDM DECISION PROCESS

- **Requires Four Types of Information**
 - **THE CHARACTERISTICS WHICH IDENTIFY A CLASS OF PROBLEM**
 - **THE CORRECTIVE ACTIONS (MANAGEMENT RESPONSES BY PROBLEM CLASS)**
 - **RULES TO IMPLEMENT ACTIONS**
 - **RECORD OF RESULTS**

An OLD M Application = a Database Expert System

THE POTENTIAL OF OLDM

- **Better Managed Businesses**
 - KNOWLEDGE ASSET CAPTURE AND RETENTION
 - CONSISTENCY ACROSS THE ENTERPRISE
 - FLEXIBLE, HIGHLY RESPONSIVE
- **Close Loop With Customer**
 - EVENT AND MARKET DRIVEN, BUT CONTROLLED
- **Direct Customer Interaction**
 - VIA WEB, TELEPHONE, REMOTE CONNECTION
- **Improved System Capacity Planning and System Management**
- **The Re-alignment of Business and IT**