



## What's Your 2017 Outlook? Here's Ours.

The 2017 outlook once again demonstrates that there \ will always be unexpected socio-political, economic and natural events in every corner of the world that will disrupt or create new opportunities for your business. Based on our decades of experience running companies and advising clients, we offer three priorities for business leaders to drive superior performance regardless of what happens next year.

### Three Priorities for Succeeding in 2017, or Any Year.

Over the years around this time I've authored many editorials and blog posts on market trends and what business leaders need to watch out for in the coming year. As prophetic as I've tried to be, unanticipated and improbable things always seem to happen. This year was no exception, as demonstrated most obviously by Britain's vote to exit the European Union and Donald Trump's victory in the U.S. presidential election. It's kind of humbling.

While the positive or negative business impact from these elections remains unknown, the truth is that there will always be unexpected socio-political, economic and natural events in every corner of the world that will disrupt or create new opportunities for your business. That's the conclusion we came to at a recent TBM leadership meeting when we were discussing what could happen in 2017.

This year we're not going to offer any predictions. No one really knows when oil prices will go back up, or if there will be a dramatic increase in U.S. infrastructure spending, to name just two market trends that could have a big impact on manufacturers. Instead, based on our decades of experience running companies and advising clients, we offer three priorities for business leaders to consider and drive superior performance regardless of how next year unfolds.

## Here's Our 2017 Outlook:

1. **Stay focused on your management system and culture.**

This means setting the right KPIs and cascading them deep into your organization so people know if they're winning or losing each day. It means establishing effective problem-solving methods and defining leadership roles consistently across the organization.

2. **Always focus on speed and agility. Improving speed and agility drives productivity**

Set ambitious goals and develop detailed plans for how your company is going to leverage market changes and improve productivity next year. Today, in most cases, that requires an end-to-end perspective that extends beyond the four walls of any single facility. Then start strong in January. You can't wait until the first quarter is over and managers realize they haven't made much progress to start driving productivity improvements.

3. **New technology is a freight train. Get on board or it will run you over.**

Big data, small data and advanced analytics. Industry 4.0/Internet of Things, 3D printing, and advanced automation. These and other rapidly evolving technologies are creating a wide range of opportunities across every industrial sector. Develop an explicit strategy for monitoring and incorporating these emerging capabilities into your operating model. If you don't, your competitors will.

Obviously, these three strategic priorities are linked together. Management churn, for example, undermines a culture of continuous improvement more than most business leaders recognize. It is the primary contributor to the inability of many organizations to sustain performance gains. If only one member of the management team was around when a company began its operational improvement push, as we discovered on a recent plant visit, it's exceedingly hard to maintain momentum. That's why management systems are so important.

Successful management transitions require a robust management system that is continually reinforced at all levels.

At Danaher and Toyota, for example, operational excellence isn't an initiative. It's an ingrown element of how the businesses are run. Such a culture relentlessly pursues both incremental and step-change productivity improvements, which includes experimenting with and adopting new technology.

There's still a huge potential for improvement in many companies, even those that are growing and profitable. We recently completed a diagnostic project at a U.S. facility where we calculated a potential 40%-plus gain in productivity using traditional lean process improvement techniques. Then the client asked us to consider the impact of new automation. Factoring automation into our assessment pushed the improvement potential to more than 80%. That's the type of gain that can transform a market, and allow a company to increase earnings significantly no matter what unanticipated challenges pop up in 2017.



### **Bill Remy, Board Member & TBM Alumnus**

Bill Remy is the former CEO of TBM Consulting Group and currently serves on the TBM Board of Directors. His career expertise includes deep knowledge of operational performance improvement, site transitions, acquisition integration, new product development and supply chain management.