



Process & Innovation Performance

Powering enduring competitive advantage
through execution excellence

accenture

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Executorial Excellence is a top-rated issue for CEOs

A great business strategy is not enough to ensure success; the organization must be able to deliver on that strategy through execution.

The premium on superior execution is higher than ever with current economic uncertainties, demanding customers and intensifying competition. Indeed, the Conference Board's 2010 report on CEOs' top 10 challenges confirms this. In the report's list of executives' greatest challenges, excellence in execution occupied first place. CEOs recognize the importance of getting the operations right in order to fulfill the strategy; in other words, the need for executorial excellence.

Execution Excellence brings true, defensible competitive advantage

The importance of execution excellence is also backed by Accenture's

High Performance Business research. This research reveals that the building blocks of high performance are market focus and position, distinctive capabilities, and a performance anatomy that represents the common culture and mindsets that enable companies to out-execute their competitors. Execution excellence can only be achieved by understanding the inter-relationships between customer value, attributes of offerings and services, the repetitive processes that deliver them and the infrastructure, capital and systems on which they rely. It also involves aligning organizational behaviors and priorities (at all levels) toward key north star objectives, strategy and the consistent delivery of the customer value proposition. This is not achieved by a simple set of tactical tools; rather, it requires a comprehensive, holistic approach.

Making structure and execution work together

For clients to achieve executorial excellence, we help them make structure and execution decisions that reinforce one another rather than working at cross-purposes.

Figure 2: Structure and execution must work together



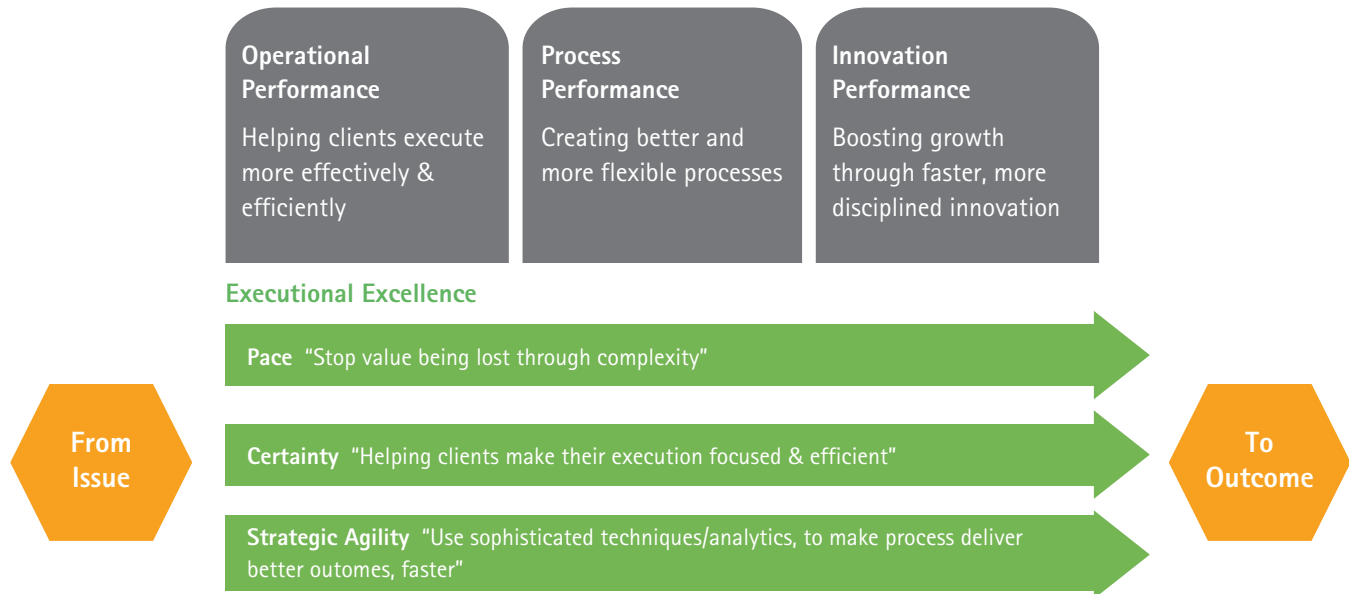
Figure 1: Emphasis on Execution Excellence

Relative ranking Oct.-Dec. 2009	Challenge	Cite challenge as being of "greatest concern in the coming year" Oct.-Dec. 2009
1	Excellence in execution	42.3 %
2	Consistent execution of strategy by top management	39.9
3	Sustained and steady top-line growth	38.8
4	Customer loyalty/retention	33.5
5	Speed, flexibility, adaptability to change	29.0
6	Corporate reputation for quality products/services	24.1
7	Stimulating innovation/creativity/enabling entrepreneurship	23.0
8	Profit growth	22.7
9	Improving productivity	19.9
10	Government regulation	18.9

→ CEOs rate "excellence in execution" as the greatest challenge facing them.

Figure 3

P&IP's assets and skills are organized under our three offerings groups focused on the process and execution elements of Operational, Process, and Innovation performance



Accenture's Process & Innovation Performance drives business results

Our clients' results testify to the benefits of our helping them achieve execution excellence. Consider these typical outcomes of enterprise-wide transformation:

- 10- 25% decrease in operating costs and working capital
- 5-25% increase in productivity
- 10-50% decrease in lead time
- 25-75% decrease in defect/rework
- 12-30% decrease in network-wide inventory
- 8-25% increase in customer satisfaction
- 200% increase in speed of product to market

Achieving Execution Excellence—Accenture's approach

At P&IP, we help companies achieve Execution Excellence by strengthening performance in three domains:

- **Operational Performance**—executing strategies and business processes efficiently and effectively.
- **Process Performance**—enhancing value-adding processes to improve quality and speed, reduce waste and add flexibility.
- **Innovation Performance**—driving growth through faster, more disciplined innovation of products, services and ways of doing business.

In each domain, we transform business processes using three critical enablers (Figure 3):

- **Pace**—helping you seize rapidly closing windows of opportunity and score quick wins to build early momentum
- **Certainty**—enabling you to "get it right the first time" and consistently achieve higher success rates in your business outcomes
- **Strategic agility**—adapting our proven tools and assets to your unique situation and empowering your own teams to master the art of continuously executing value

Operational Performance: executing efficiently and effectively

We help our clients achieve execution excellence by guiding them through a unique, rigorous approach. We start by targeting and prioritizing actions to generate rapid payback, so the effort pays for itself, and removing the impediments to high performance unique to the client's challenges and opportunities. Then we develop an architected roadmap to issue resolution and high performance—enabling clients to build their own capability to solve problems.

Three executional levers

Our approach enables clients to activate three executional levers that produce tangible business benefits:

Simplicity—eliminating organizational offering- and process-related complexity that customers don't value and determining how to deliver valued complexity more profitably.

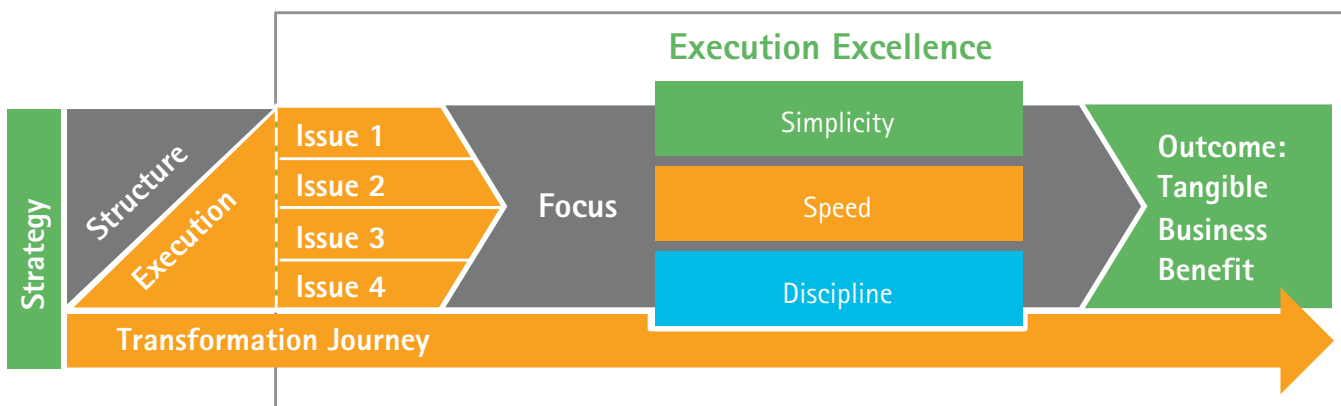
Speed—improving, optimizing and analytically capturing the relationships among process capability, work scheduling, sales and operations planning, service/product offering attributes and customer demand to enable clients to respond quickly and flexibly to change.

Discipline—establishing performance management methodologies and process accountability to proactively drive toward a defined end-state, sustain results and embed true customer-centricity and a cost-of-capital focus throughout the organization.

Operational performance: A case in point

An automotive parts supplier we worked with leveraged the execution excellence enablers and achieved remarkable results. The company was generating a negative economic profit, customer order lead time was too long, and quality was also a problem. Through our complexity analytics, this client discovered that the major culprit was the vast number of product configurations for a few customers. Our analytics helped management determine which customers and products were truly profitable, which should be rationalized and what steps were needed to make operations nimble, flexible and fast. Executives prioritized reliably delivering on what customers most valued. These combined efforts drove strong business results: in less than two years, lead times and manufacturing cycle time decreased, thus driving down cost of goods sold, and profit margins doubled.

Figure 4: Three executional enablers



Process performance: investing in value-adding processes

Accenture research and experience indicate that companies with the process-management maturity achieve five critical outcomes: predictability, effectiveness, efficiency, transparency and discipline (Figure 5). Some companies understand which are their most differentiating, essential processes to deliver value and have developed those to a level exceeding their competitors—driving revenue and profit increases. We call this a "process-based advantage".

Four steps to excellence in process execution

To help clients achieve the process-based advantage, we guide them through four steps:

1. Link strategy to execution through business processes—helping companies identify the key sets of interconnected processes that, together, deliver specific forms of financial or customer value.

2. Rationalize and prioritize complexity—advising clients against starting improvement or transformation processes that don't warrant attention. In many companies, product, customer and geographic growth has led to overly complex processes. By understanding and rationalizing process requirements early, companies reduce the amount of time, effort and resources allocated to the transformation resource requirements effort as well as lower operating expenses and capital investments.

3. Segment and manage each process type correctly—organizing a company's processes into three categories that generally follow the 5/15/80% rule, as:

- differentiating processes (critical to delivering customer and stakeholder value) generally representing 5% of processes;

- critical processes (that support the capabilities needed to deliver enduring value to stakeholders) representing approximately 15% of processes;
- core or foundational processes (necessary to run the business but not differentiating or directly delivering value) generally representing 80% of processes.

4. Lock in improved processes—ensuring that an organization's process improvements endure, through our Business Process Management Lifecycle (BPM-L) practices, including strategies, repositories, and governance and monitoring principles for processes.

Figure 5: Process-based advantage results

An organization that has a process-based advantage can drive distinct outcomes:



Innovation performance: increasing demand-led, profitable growth

Innovation is more important today than ever, for every organization. Executed properly, innovation fuels profitable growth—the single most powerful driver of value for a company, its customers and its investors. However, managing innovation is a tough challenge for most organizations. In a recent Accenture study, as many as 80 percent of the executives we surveyed voiced dissatisfaction with their company's innovation efforts.

Four characteristics of successful innovators

In helping clients, we start by articulating what makes a high-performing business different from others. Our research shows that the most innovative companies have four defining characteristics:

- They understand what their customers need and want—often before the customers know these things themselves.
- They craft a clear strategy for innovation's contribution—treating innovation with as much execution discipline as they do other business-critical activities.
- They actively harness the power of collaboration—seizing internal opportunities as well as external (for example, through crowd sourcing).
- They manage innovation effectively—approaching their innovation processes as interconnected links throughout their value chain, and defining clear milestones and decision criteria.

Leading innovators back up these defining characteristics with a powerful innovation "engine." To help

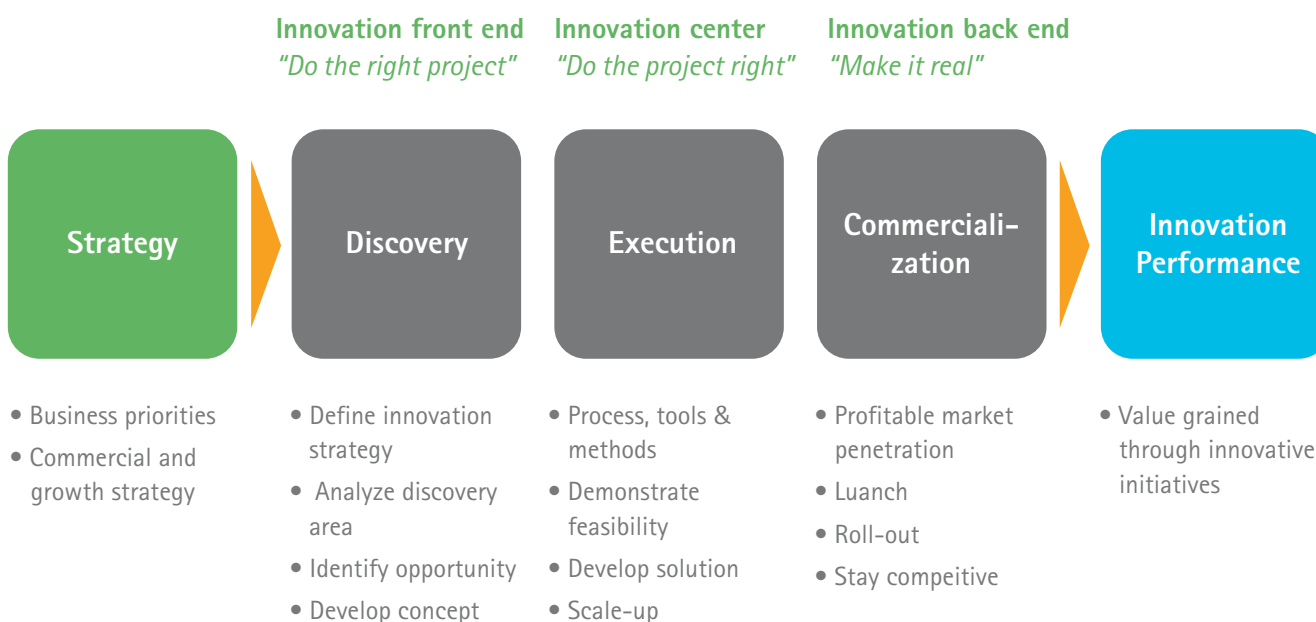
companies build that engine, we first develop an innovation roadmap showing what's inhibiting innovation in the organization, how improving innovation excellence will benefit the company and how to execute those improvements.


Working with teams from across Accenture, we develop a solution that delivers against three objectives:

- Prioritizing investments—identifying and funneling resources to only the biggest and best ideas
- Building speed—getting innovative products and services to market faster and driving profitable, top-line organic growth
- Achieving agility—simplifying processes and removing costly complexity throughout the innovation value chain.

High performance companies weave innovation into the very fabric of the organization—from strategy and idea discovery to product introduction and commercialization (Figure 6)

Figure 6: Embedding innovation into the business





Wells Fargo & Co.: Leveraging companywide innovation

IDC, a respected analyst organization, showcases Accenture Collaborative Innovation Solution, an innovation system created by Accenture Technology Labs and used successfully by Wells Fargo & Company.

Wells Fargo operates in the cut-throat financial services industry and recently focused on leveraging the insights of its 160,000 employees. As part of its drive to enhance its companywide innovation capability, the bank piloted Accenture Collaborative Innovation Solution to generate, filter and prioritize both new ideas and ideas for improvements.

The solution leverages Web 2.0 technologies such as crowd-sourcing and rich Internet applications (RIA). Some 250 employees participated in the pilot, generating 50 unique ideas, five of which proved suitable for detailed action planning. When rolled out to the whole company, Wells Fargo expects this approach to generate up to 1,500 ideas annually.

We can help

In a world of ever-increasing uncertainty, superior execution has become the differentiator between enterprises that pull ahead—and remain in front—of the competition, and those that fall behind.

Accenture's Process & Innovation Performance team can help you seize the advantages essential for remaining competitive in good times and bad, including aligning your operations, processes and innovation efforts around your strategy.

Contact us

To learn more, visit www.accenture.com/processandinnovationperformance or call one of our executive managing directors:

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Accenture is a global management consulting, technology services and outsourcing company, with approximately 215,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.6 billion for the fiscal year ended August 31, 2010. Its home page is www.accenture.com.

About Process & Innovation Performance

Accenture is a leading provider of management consulting services worldwide. Drawing on the extensive experience of its 13,000 management consultants globally, Accenture Management Consulting helps clients move from issue to outcome, with pace, certainty and strategic agility. We enable companies and governments to achieve high performance by combining broad and deep industry and functional offerings and capabilities across seven service lines: Customer Relationship Management, Finance & Performance Management, Process & Innovation Performance, Risk Management, Talent & Organization Performance, Strategy, and Supply Chain Management. Accenture Process & Innovation Performance consulting services help clients to embed continuous business improvement in an organization's operational, process, and innovation capabilities to enhance long-term profitability.