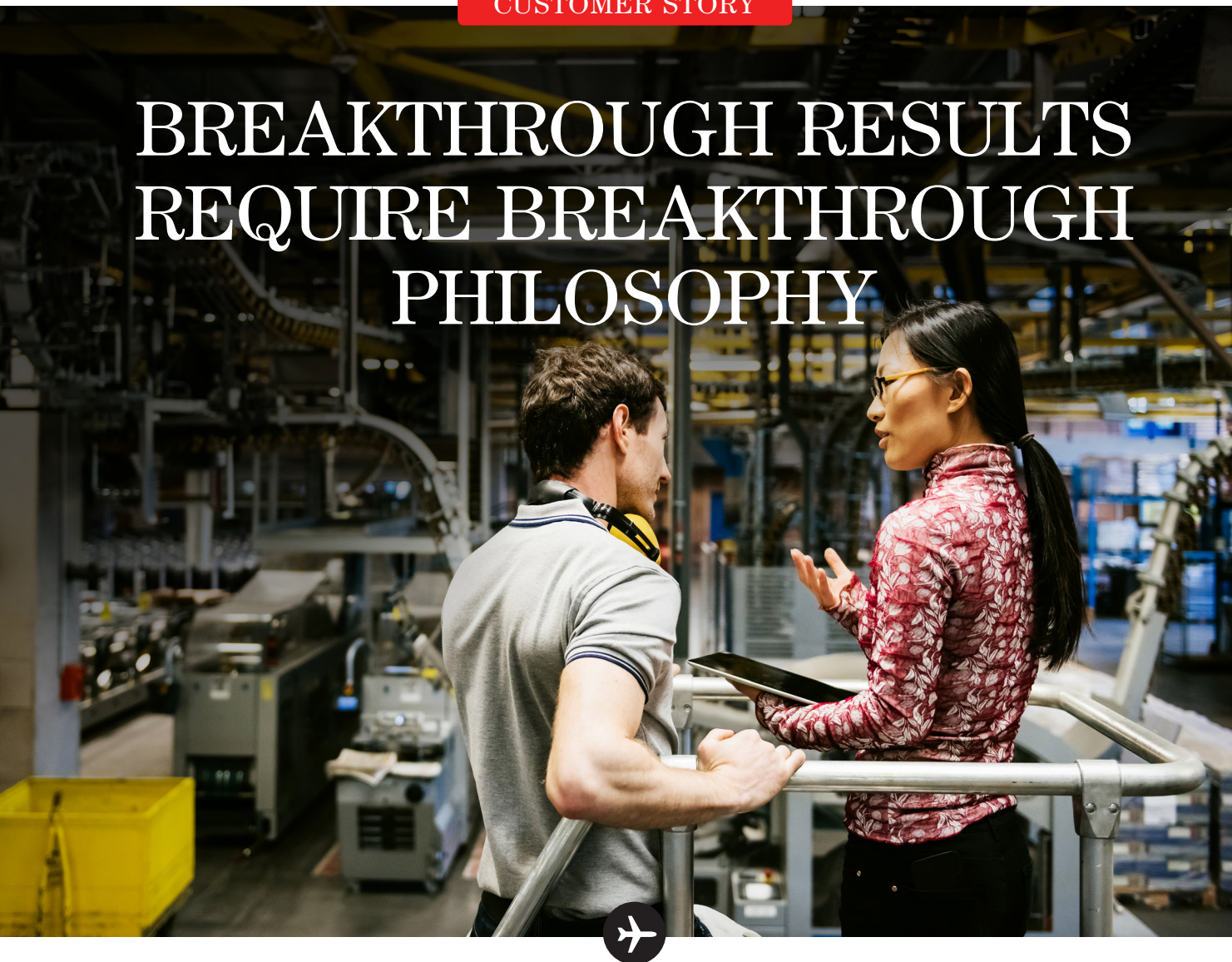


# BREAKTHROUGH RESULTS REQUIRE BREAKTHROUGH PHILOSOPHY



Competing effectively in the Fourth Industrial Revolution requires a new philosophy, mindset and knowledge to produce what really matters: effective, strategic and competitive outcomes.

**T**wenty years ago while trying to explain how we were producing the results we did with our “asset management” service I tried to explain the philosophy that lead to the results. To our customers at times our results seemed like magic. They weren’t, of course, so I tried to explain our philosophy. Frustrated, trying to understand, my customer kept saying, “But you manage test

equipment, right? You save us lots of money on our test equipment, right?” It was true. We had cut their capital spend by over 50% and through the first year had reduced calibration support expenses significantly as well. They took these savings and invested in growth and over time doubled in size as we eventually whittled their asset base to half where it started. Twice the revenue and half the assets was a 4X improvement in utilization

that dropped to the bottom line. Our success was fueled by a scientific understanding of what drives social behaviors – like hoarding -- which lead to what knowledge we needed to have to shift those social behaviors. While we certainly needed to understand the technical capability of the equipment used by our customers to make them successful, the big strides in productivity and speed had little to do with the equipment. They had more

to do with a cultural change across our customer organizations provoked by our practices and tools.

As our equipment becomes more and more communicative through network capabilities and the Internet of Things, people will have a tendency to make the solution all about the equipment again. All about the assets. While we will leverage some of this new technology it's still not about the assets, and never has been. I've been around this marketplace for 20 years, and the problems that existed 20 years ago still exist today. It's because companies are still overly focused on "managing" their assets instead of focusing on what is truly important. So much of excess asset cost comes from human behaviors like hoarding equipment. I knew that success would require a human centered approach enabled by technology to create change at scale.

Our first customer had a ROIC problem, and low utilization of their assets didn't help. We designed a solution for that issue that increased asset utilization, and dropped costs by 50%, and made them significantly faster. Our solution was labeled "Asset Management." When I looked at other "asset management" programs, they weren't producing the same results we were. They were all about not losing assets, and saving money as a result of reduced write-offs. Our offer was about significant improvements to cost and speed and we achieve over 50% reductions in cost and 25% increases to speed. Regardless of our results, because part of our practice included barcoding assets, we were lumped into the category "Asset Management".

The label "asset management" disguises what is really going on. "Asset" costs are mostly the results of human behavioral issues that begin with distrust, and one of the things that leads to is hoarding. Hoarding equipment, budgets, services, labor- you name it. Organizational distrust thwarts efforts at speed and competitiveness. A solution orientation of "managing assets" will never produce the trust required for truly groundbreaking results.

I like to joke that assets never have a bad day, never complain about other assets, and never ask for more money. They don't need managing and governing. Humans need managing and governing. While trying to explain our philosophy to a set of our customers almost 20 years ago, I famously and frustratingly spouted, "Forget about test equipment." It confused the hell out of my customers, so I changed the subject and moved on. My employees thought it was funny and made a button to commemorate the occasion, which I keep in my office to this day. It reminds me of how important communication is, and in particular as you craft your messaging, how well you have to be able to anticipate how your listener will hear your message. In those days I'm not sure it mattered that my customers understood our philosophy and how it was different. They liked the results. Today, with most companies in the midst of "transformation" efforts, that philosophy needs to be at the core of the way they operate; not just in their test organizations and with their assets. Once this philosophy is fully implemented, it will work its way into all other facets of the organization.

Our breakthrough results have been recognized by numerous customer and industry awards, but they aren't the result of anything we do with assets. We increase utilization of assets and speed by working on trust. Trust will make people want to share, collaborate, and invent with each other. Once you start looking past the assets and see the people behind them, you learn that trust and people's intentions are more important than any other element.



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