

WHITE PAPER

The Predictable Way to Consistently Hit Quarterly Numbers

How to Reclaim Lost Revenue from the Process Application Gap™



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What Keeps Senior Executives Up At Night?

Hitting the numbers. The need for greater output, seamless efficiency, higher profits, and increased share value.

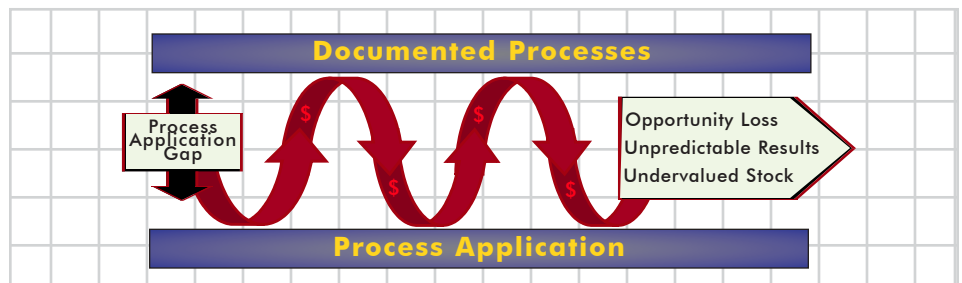
Since most companies spend considerable resources to develop and document best practices to ensure steady growth, why is it so hard to achieve consistent, predictable results? Why does production vary widely between facilities, even when everyone is working with virtually the same equipment, materials, and procedures? Why don't people just follow the documented processes and do their jobs?

The answer to these questions: *The Process Application Gap™*.

What is the Process Application Gap?

The Process Application Gap is the space between documented processes and process application. Simply put, it's the gap between the way a job is designed to get done, and the way it actually gets done.

The Process Application Gap is the most misunderstood source of economic loss in every business.



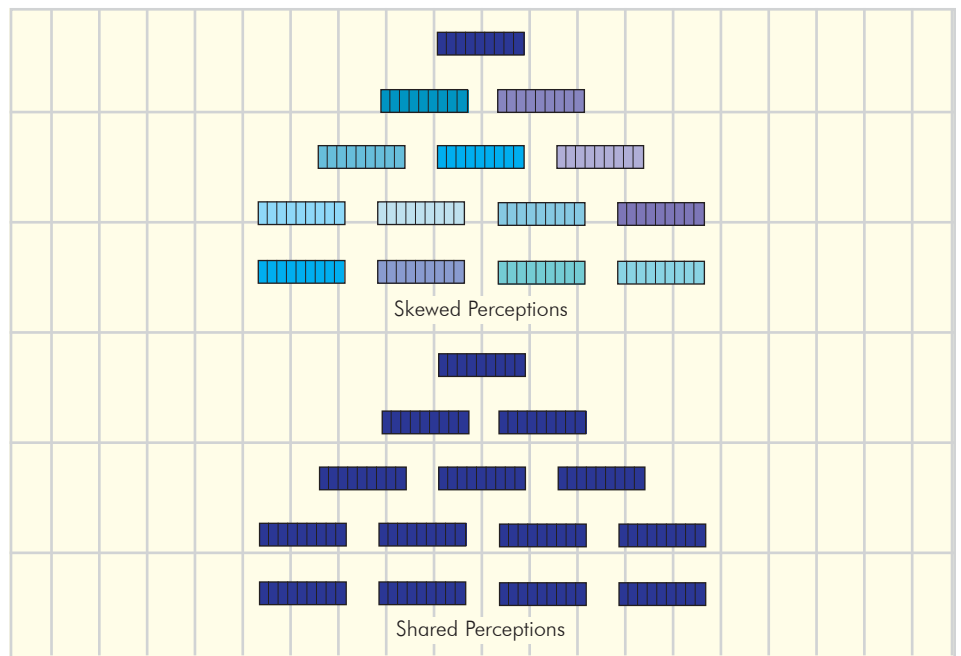
The Process Application Gap is the most misunderstood source of economic loss in every business. It is misunderstood because it is often invisible and hard to grasp. It flies under the radar of the standard cost-cutting measures, yet the gap also holds the greatest source of potential financial gain. Minimizing the gap between documented processes and process application results in:

- advancing share value
- consistent performance
- improved accountability
- accelerated growth and profits
- accomplishing more with fewer people

Why does the Process Application Gap Exist?

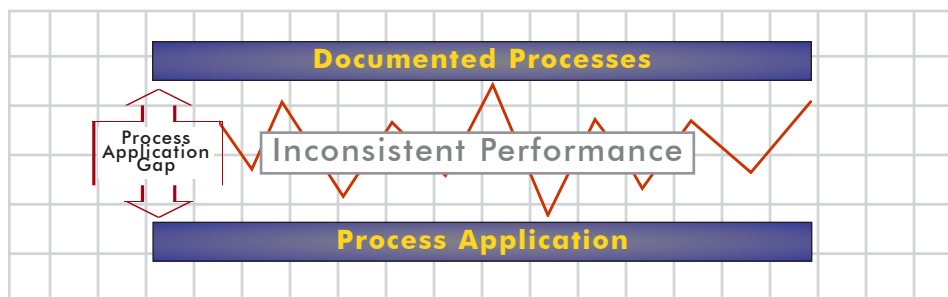
Because of people. Documented systems are formulated, developed, and honed to perfection on paper, but must be implemented by people. It doesn't matter how bright, hard-working, or well-intentioned people are, they all see, interpret, and react to things in different ways. Perceptions of the documented systems are skewed because people are not working from a shared platform or communicating in a common language.

Without a shared platform and a common language, skewed perceptions result in inconsistent performance.



In a perfect world, directives that are handed down through the workforce are simply carried out. Unfortunately, in the real world, things don't work that way. Ask ten people to paint a room blue and you will get ten different shades of blue. If all ten people are expected to use the exact same shade of blue, a system that ensures everyone knows precisely what blue means must be devised. The need for such a system is critical when thousands of people spread out over many different locations are required to agree on what blue means. Without a shared platform and a common language in the workplace, skewed perceptions result in inconsistent performance that leads to many undesirable outcomes, including:

- morale, safety, and turnover issues
- confusion, uncertainty, and indecision
- union activity and grievance complaints
- underdeveloped, underutilized personnel



For some companies, losses due to inconsistent performance are staggering, reaching into the tens of millions of dollars annually.

What does Inconsistent Performance Cost?

A lot. Actual costs are much more than they initially appear. Every inconsistent action translates into some type of financial loss.

Losses show up in many forms:

- excessive litigation/legal fees
- limited compensation opportunity
- growth, profit, and share value decline
- waste, equipment damage, and substandard quality
- labor costs, accidents, and workmen's compensation

Some losses caused by inconsistent performance are easy to measure. Others are hidden from view and harder to identify and quantify. In either case, the dollars lost are very real. For some companies, losses due to inconsistent performance are staggering, reaching into the tens of millions of dollars annually.

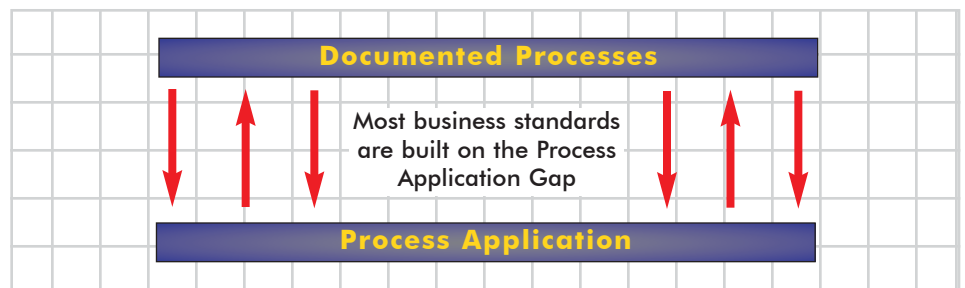
Will Standard Cost-Cutting Measures Work?

Revenue that pours out of a company through the Process Application Gap cannot be reclaimed through usual cost-cutting measures. Standard cost-cutting measures, like reducing headcount or slashing the advertising budget, may be beneficial, even essential to the financial health of a company, but they will have no effect on reducing inconsistent performance. The only way to reduce losses generated from inconsistent performance is to tackle the Process Application Gap.

The universal action to boost profitability is to further cut expenses and attempt to increase sales instead of planning initiatives designed to narrow the Application Gap.

Building Business Standards on a Solid Foundation

Most business standards, i.e. budgets, margins, productivity, goals, and objectives, are based on a combination of historical performance and subjective analysis of the future. In effect, existing business standards do not recognize losses generated by the Process Application Gap. In most cases, the underlying gap losses go completely unidentified. Instead of planning initiatives designed to minimize the Application Gap, the typical approach to boost profitability is to further cut expenses and attempt to increase sales. Disappointingly, neither action solves the problem.



Conversely, when the causes of the Application Gap losses are identified and actions are taken to reduce the gap, new business standards are developed based on a solid foundation of consistent performance. The payoff: large chunks of revenue reclaimed from the Application Gap go straight to the bottom line.

Can the Process Application Gap be Eliminated?

As long as people are involved in business, it can't be eliminated entirely. Fortunately, significantly narrowing the Process Application Gap is not only possible, but readily accomplished when proven systems for achieving this goal are implemented.

The two most important pieces needed to minimize the Process Application Gap are a shared platform with a common language and established accountabilities. Together, they will significantly reduce inconsistent performance. With such a platform in place, everyone in the company works from a single, objective standpoint instead of from their own, subjective perceptions. Like players on a championship football team, everyone knows the play book, their position, and exactly what to do when the ball is snapped.

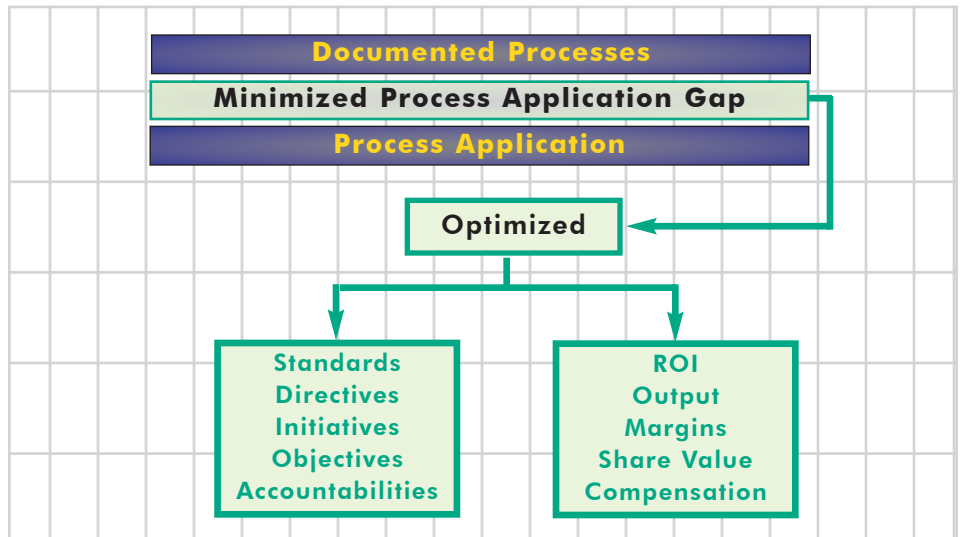
The people side is where the quickest and greatest improvement potential in business is found.

Where is the Quickest and Greatest Improvement Potential?

Since the process application gap is a very specific and often misconstrued issue, it requires a highly specialized approach to control the problem. Very few systems are designed to do this. Large accounting/consulting firms, book-of-the-month fads, and academic success gurus all offer business solutions that claim to remedy inefficiencies in a company. For the most part, these solutions address only inanimate symptoms. Xcelogic strategies focus on root causes that deal with people. The people side is where the quickest and greatest improvement potential in business is found.

Immediate and Measurable Financial Results

Xcelogic specializes in guiding companies through the process of identifying and minimizing their Process Application Gap. We know of no other system that is as effective in accomplishing these goals. Our clients have found that applying the Xcelogic system has immediate and measurable financial results. We don't promise to make new money for a company (although that sometimes happens); we demonstrate how to quickly capture revenue that would otherwise be lost and put systems in place to avoid future losses.



For over eighteen years Xcelogic has worked with hundreds of manufacturing and service companies throughout the U.S. and off-shore. Our successful track record has proven extremely effective in growing companies, profits, and share value.

Summary

Reaching production and budget goals need not be a hit-and-miss exercise. Senior executives should no longer lose sleep wondering how to achieve consistent and predictable results. Nor do they need to waste a minute regretting that people always seem to get in the way of their company's smooth and efficient operation.

Changing unpredictable outcomes into consistent performance, having highly productive employees who want to come to work each day, and reclaiming lost revenue are all in easy reach when the Process Application Gap is minimized.

When companies take steps to identify and control their Process Application Gap, consistently hitting quarterly numbers becomes a stressless, predictable process.

Pioneers in Process Application systems development, Xcelogic utilizes proven strategies that identify and minimize the Process Application Gap. Starting with the corporate leadership team, Xcelogic develops a partnering relationship and defines clear expectations from both sides. Then, working quickly towards defining elements of specific gap causes and issues, an action plan is drafted to create a convergence of perceptions, consistency, and defined results. Measuring tools are also established that define and track the ratio of outcomes to dollars saved.

Xcelogic begins work with each client on a risk-free basis, because our strategies for minimizing the gap have proven to be fail-safe. If the client feels they did not get results sufficient to begin a comprehensive effort to narrow the gap in their company, or that they did not gain information and expertise sufficient to justify the cost of the initial program, they will not be invoiced.

For more information contact Xcelogic. We will be glad to answer your questions, schedule a web based presentation, discuss case studies, or provide references.

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