



Business Process Management + Human Development Management = Business Excellence

KINDUZ Business Excellence Framework (v0.11 beta)
A working paper

<http://www.kinduz.com/>

Table of Contents

1.0 Introduction.....	3
2.0 The KINDUZ Business Excellence Framework.....	4
2.1 Operating Model.....	4
2.2 Value Proposition.....	4
2.3 Market Dominance.....	5
2.4 Business Outcomes.....	5
3.0 Operating Model.....	7
3.1 Example: Southwest Airlines.....	8
4.0 Value Proposition.....	9
4.1 Example: Southwest Airlines.....	10
4.2 Example: TATA Motors – TATA Nano.....	10
5.0 Market Dominance.....	11
5.1 Example: SONY Walkman.....	11
5.2 Example: Reliance Communications.....	12
6.0 Business Outcomes.....	13
6.1 Operating Model Outcomes.....	13
6.2 Value Proposition Outcomes.....	14
6.3 Market Dominance Outcomes.....	14
6.4 Financial Outcomes.....	14
7.0 Document Change Log.....	15

1.0 Introduction

You come across a number of management principles, functions and tools like:

- Customer Intimacy
- Sustainable Competitive Advantage
- Market Dominance
- Value Proposition
- Stakeholder Satisfaction
- Operating Model,
- Sales and Marketing,
- Alliance and Partnerships, so on and so forth.

There is no doubt that each of these principles is important for the success of a business. A wide range of books are available on each of the topic and functional experts provide their services on each area as required.

The CXO's (CEO, CFO, CIO, etc.), other leadership and the management team needs to however know 'something of everything' to be able to understand how each of their decisions impact the entire organization and therefore the business.

Thus, it is essential for the Leadership and Management of any Organization to understand how all these principles, functions and tools interact with each other, and then synergize these forces to make the business deliver.

To guide organizations, KINDUZ has released its proprietary Business Framework called as the **KINDUZ Business Excellence Framework** into the market for everyone to use.

2.0 The KINDUZ Business Excellence Framework

The KINDUZ Business Excellence Framework categorizes a Business into 4 focus areas:

1. Operating Model
2. Value Proposition
3. Market Dominance
4. Business Outcomes

2.1 *Operating Model*

The Operating Model is the sum total of how the internal systems of an Organization are designed, implemented and managed to deliver value to its customers.

There are four factors that influence the Operating Model. These are:

- a) People
- b) Process
- c) Technology
- d) Partners

2.2 *Value Proposition*

The Value Proposition is the sum total of benefits which an Organization promises that a customer will receive in return for the customer's associated payment (or other value-transfer).

There are seven factors that influence the Value Proposition. These are:

1. Emotions
2. Cost
3. Quality

4. Speed
5. After Delivery Service
6. Safety, Security and Regulations
7. Convenience Factors

2.3 Market Dominance

Market Dominance is a measure of the strength of a brand, product, service, or firm, relative to competitive offerings.

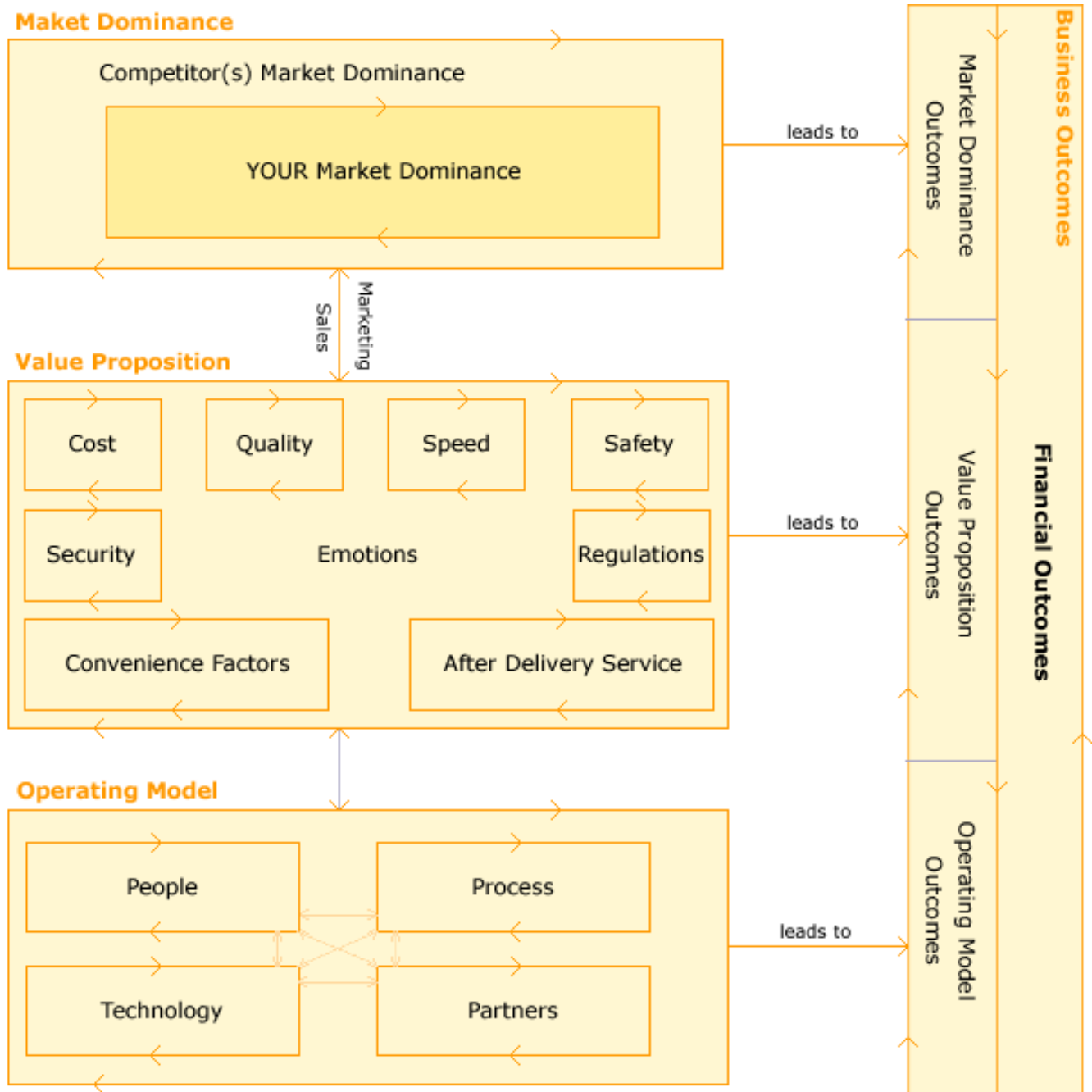
This element accounts for the Organizational ability to position itself in market and provide superior services to the market it caters to.

2.4 Business Outcomes

Business outcomes represent the performance levels of the operating model, value proposition and market dominance presented in the form of metrics.

The business outcome categories are:

1. Operating Model Outcomes
2. Value Proposition Outcomes
3. Market Dominance Outcomes
4. Financial Outcomes



3.0 Operating Model

Every organization's Operating Model consists of multiple Business Processes, for example:

- Sales
- Marketing
- Production
- Testing
- Maintenance and Support
- Human Resource Training
- Career Management
- Market Research
- Competitive Intelligence
- Alliance and Partner Management, and many more

For each Business Process to run at an optimal level, the People factor, the Process factor, the Technology factor and the Partner factor need to work hand-in-hand. Thus, these form the core aspects that define how any Business Process functions and delivers Business Value.

The Operating Model needs to be designed to deliver the identified Value Proposition to the end customer. Any issues with the Operating Model will create a mismatch between the Stated Value Proposition of the Organization and the Perceived Value Proposition of the Customers.

3.1 Example: Southwest Airlines

Let's take an example of Southwest Airlines. Southwest Airline's Stated Value Proposition is "LOW FARES. NO HIDDEN FEES."



Let's see how Southwest Airlines has created an Operating Model that delivers the stated Value Proposition.

- It operates a single type of plane, the Boeing 737. This means they can negotiate with Boeing for better discounts.
- All their pilots, partners, and crews are trained on the same plane that Southwest owns. This reduces variability, thus operating costs and maintenance costs.
- Southwest also operates a fleet with an average age of 7 years. This means that they have less maintenance problems, and this leads to fewer delays, higher customer service and

less costs.

- Southwest relies on direct ticket booking and does not heavily utilize travel agents, which is a cost saver.
- Southwest does not fly into major hub airports in most cities, which leads to lower gate costs and enhanced customer service. The major carriers utilize a hub and spoke travel model where passengers are brought to a central location on smaller planes, and transferred to larger planes for major routes. Southwest operates on a point-to-point system where more flights are direct.
- They also do not have full food service on their flights, leading to a faster turn around time. Southwest also has a unique open seating system, with no assigned seats thus leading to a faster turn around time.

4.0 Value Proposition

Consumers look for different Value Propositions in products and services depending on their 'needs' and 'wants' at any given point of time.

Some consumers will look for a car that has power and can travel at high speeds, while others look for a car that's cheap and provides higher mileage. Some consumers look for a car that is reliable and has low maintenance costs, others look for a car that is spacious, and not to forget about consumers that look for a combination of features.

Every organization has a perceived Value Proposition in consumer's mind, even if the organization has not stated one.

A Value Proposition also defines the market opportunity of the product or service in the chosen market space. The Value delivered to the customers through its Operating Model defines the organization's Market Dominance in the chosen market space.

4.1 Example: Southwest Airlines

- As conveyed in [Section 3.1](#) Southwest Airlines source of competitive advantage is its low price tickets.

4.2 Example: TATA Motors – TATA Nano

The Tata Nano is a proposed city car — a small, affordable, rear-engined, four-passenger car aimed primarily at the Indian market — first presented by India's Tata Motors at the 9th annual Auto Expo on January 10, 2008 at Pragati Maidan in New Delhi, India. The \$2,200 (€1,490, £1,186) Nano encapsulates the dream of millions of Indians groping for a shot at urban prosperity. Thus, the Value Proposition here is 'COST'.



5.0 Market Dominance

The stated Value Proposition defines the Market Opportunity.

The delivered Value Proposition defines the Market Dominance within the Total Market Opportunity.

Market Dominance can be measured by the:

- Percentage of Market Share
- Percentage of Total Market Revenue Earned
- Herfindahl index, etc.

Sometimes a unique Value Proposition can create a new market on it's own.

5.1 Example: *SONY Walkman*



Sony invented the Walkman, and we all know that rest is history. This is a classic example of **creating** a market.

5.2 Example: Reliance Communications

When Reliance Communications launched its cellular business in India, the market players were Bharti Airtel, TATA Indicom, Idea and many others.

Reliance Communications offered a unique Value Proposition by offering a low cost model, with call rates as low as \$0.01 per minute. This increased the Market Opportunity multi-fold and brought a cell phone in reach to millions of Indians.



cell-phones in reach to the millions of Indians

Reliance Communications is a classic example of **redefining** the market.

6.0 Business Outcomes

"If you don't have a map, it doesn't matter where you are". - unknown

"In god we trust, rest bring us data" - Dr. Deming

The KINDUZ Business Excellence Framework defines four Business Outcome categories:

6.1 *Operating Model Outcomes*

Operating Model Outcomes represent the performance levels of the operating model presented in the form of metrics.

Examples include:

- Productivity
- Cost / Unit produced
- Defects
- Defect Density
- Employee Retention Ratio
- Employee Competency Levels
- Employee Satisfaction Results
- Time to Market, etc.

6.2 Value Proposition Outcomes

Value Proposition Outcomes represent the performance levels of the Value Proposition presented in the form of metrics.

Examples include:

- Customer Satisfaction Survey Results
- Perceived Value Proposition Survey Results, etc.

6.3 Market Dominance Outcomes

Market Dominance Outcomes are measures of the strength of a brand, product, service, or firm, relative to competitive offerings.

Market Dominance can be measured by the:

- Percentage of Market Share
- Percentage of Total Market Revenue Earned
- Herfindahl index
- Goodwill, etc.

6.4 Financial Outcomes

Financial Outcomes are the financial results of an organization represented in the form of metrics.

- Price / Earnings
- Economic-Value Added
- Return on Investment
- Return on Assets
- Debt-to-Equity Ratio

- Interest Coverage Ratio
- Receivable Turn Ratio

7.0 Document Change Log

Old Version No.	Date of Change	Change Description	New Version No.
Not Applicable	October 9 th 2008	<ul style="list-style-type: none">● First Release	Version 0.1 beta
Version 0.1 beta	October 21 st 2008	<ul style="list-style-type: none">● Updated the KINDUZ Business Excellence Framework Image● Corrected issues with the Table of Contents	Version 0.11 beta