CEMM Marketing & Manufacturing Strategy Research Study Completed

One insightful observer of the industry noted that “95% of all marketing-manufacturing relationships are adversarial.” In many industrial companies, walls exist between these two vital functions. Common internal relationship characteristics are poor communications, conflicting goals, lack of respect, and finger pointing. We think that the lack of a common view of market requirements between senior marketing and manufacturing executives causes an inability to closely coordinate critical strategic decisions, and, therefore, adversely affects business performance.

This issue is vividly illustrated by a recent article concerning Plastech, Inc. (1995). This company’s experience demonstrates the drastic reduction in profitability that can result when strategic decisions in marketing and manufacturing are not well coordinated. When faced with a loss of major sales contracts, Plastech obtained a 20% increase in sales revenue by implementing a marketing strategy to increase product variety. As a consequence batch sizes decreased by 50% and profits shrank by 83%. The costs associated with the firm’s high volume batch process could not sustain profits for the wide range of small volume products offered. Without new investment, the firm’s high volume batch process, having large changeover times (and costs), could not support the product mix flexibility needed to cope with the increased product variety required in the new markets targeted by the company.

This recently completed CEMM research project provides new evidence on the importance of aligning marketing and manufacturing strategy, and methods for assessing the impact of misalignment on business performance. We have completed a field survey of paired senior marketing and manufacturing executives in 222 companies in seven industries in both North America and Europe to determine the impact of differences between executives in the perception of market requirements on business performance.

This research provides the following key results. First, differences in the perception of market requirements held by the senior executive in marketing and the senior executive in manufacturing is associated with relatively poor performance in terms of profit and growth. Second, the senior manufacturing executives’ involvement in overall business unit strategy appears to be greater in low profit margin industries than in high profit margin industries. As profit margins decrease in many industries, improved strategic alignment between the marketing and manufacturing functions can be an important means to improve profitability.
CEMM Welcomes Diebold

CEMM welcomes its newest member, Diebold Incorporated. Tom D’Amico, Vice President of North American Manufacturing, is joining the CEMM Advisory Board for Diebold.

Diebold provides financial self-service transaction and security systems and services to financial and retail customers. They have six facilities within the United States. Other manufacturing locations include Argentina, Brazil, India, and China. Diebold employs more than 11,000 globally.

We are pleased to have Diebold join the CEMM and look forward to the contribution they will make to the Center.

Fisher College Rankings

Ohio State’s strategy to boost the university’s academic visibility is apparent in the U.S. News & World Report’s annual ranking released in late March. Ohio State’s graduate programs are cited among the best in Ohio and the nation. The Fisher College of Business is ranked 23rd in the nation. The college tied for sixth among major public university-based business programs and is the only Ohio business school ranked in the top 25. Joseph A. Alutto, Dean of the College, credits the rise in rankings to the college’s commitment to building a model management education complex with solid academic programs led by nationally recognized faculty.

U.S. News & World Report also ranks business specialties. The Production/Operations Management area was the top ranked program in the college at 11th.

The Wall Street Journal published its first-ever ranking of business schools, based on a survey of 1,600 corporate recruiters who evaluated 241 MBA programs from around the world. The Fisher College MBA program was listed 14th overall. In addition, the college was positioned:

- 3rd in terms of long-term return on recruitment investment
- 6th of the top ten public university-based business schools
- 7th in terms of overall value for the money invested in the recruiting effort
- 9th of the top 10 programs with enrollment of less than 500

Recruiters rated the schools they knew from first-hand experience, basing their rating on 27 different attributes. Each school was rated by at least 20 recruiters.

Best Paper Award


February Professional Development Seminars

“Process Control Through Mistake-Proofing” was the topic presented by Dan Hagedorn of Midway Products Group, Inc. at our February 16 morning session. Dan addressed methods of upstream variation and shop floor variation control.

Steve Brunner and John Pigg were the speakers at the February afternoon Professional Development Seminar. Steve and John were part of the Leadership Team that successfully transformed the Danville Quaker Oats plant from a traditional top down management plant to a strategic partnership. The speakers shared Danville’s returns after making the transition, as well as, outside studies on high performance work systems. *Industry Week* recognized this “Control to Commitment Evolution” in the Danville Plant in 1998 when *IW* named Danville as one of America’s Ten Best Plants.

Lean Programs Held on May 15

Deborah Liefer of the Donnelly Corp. presented “Work Standardization in the Lean Environment” at the members morning session. Deb’s focus was on the creation of standards to eliminate waste through employee participation.

Larry Pike, Vice President of Aerostructures Manufacturing with Lockheed Martin spoke to a record attendance at the afternoon meeting. In his presentation, “Achieving Lean Manufacturing through the Total Value Stream,” Larry stressed that ‘value’ is the goal, the objective, and the critical measure of success in the manufacturing industry whether it applies to the development of new products or sustaining existing products. This session was also broadcast to five of Timken’s facilities within the United States.
E-Commerce Focus in September

The September 7, 2001 Professional Development presentations will be on the topic of E-Commerce Business to Business Strategy. Both the morning and afternoon speakers will discuss how manufacturers can successfully incorporate e-commerce into their business. Joe Phelan, General Manager of Manufacturing at GE Superabrasives, will present the morning session. Joe will address GE’s initiative into e-business. In the afternoon, Professor Roger Blackwell will present “Customers Rule! Why the E-commerce Honeymoon is Over and Where Winning Businesses Go from Here.” We expect a large attendance at both seminars and invitations were mailed the week of July 2nd to CEMM Members. Please RSVP by July 20 to insure your reservation. A second invitation will be sent to guests after July 20th. If demand exceeds seating capacity at Longaberger Alumni House, you will be notified of a change in location.

CEMM Co-Sponsors Lean Conference

CEMM, Productivity, Inc., and Ford Motor Company’s Lean Resource Center will sponsor the 6th Annual Conference on Lean Management in Dearborn, MI on October 25-26, 2001. The conference will feature lean leaders from a cross-section of industries and several days of case studies and presentations. It will also provide an opportunity for attendees to exchange ideas and techniques with peers.

For the past 20 years, Productivity, Inc, an American publishing company, has published useful, practical information about TPM and lean manufacturing. Their Shopfloor Series was awarded the 2000 Shingo Prize for Research and Professional Publication. Productivity, Inc. also creates training videos and learning tools.

Ford Motor Company’s Lean Resource Center (LRC) is part of Ford’s Total Cost Management Center. Begun in 1998, the LRC provides Ford employees and suppliers with a practical environment for sharing knowledge about lean manufacturing.

CEMM is pleased to be a co-sponsor of this educational conference. If you are interested in attending the conference, please visit the Productivity Web Site at http://www.productivityinc.com/lean_conference.asp for more information and registration.

COMPANY NEWS

Tim Collins Returns to Class

Tim Collins, Manufacturing Process Owner, at ABB will be teaching a class in the Fisher College School of Business during the Winter term. Tim will teach MS 736, the undergraduate purchasing course. Tim is a graduate of Northwestern University with a BS in Computer Science, and MBA from FCOB. Welcome back to Ohio State, Tim.

CEMM NEWS

Pilot Video Conference

On May 15, CEMM hosted its Quarterly Professional Development Seminar. Larry Pike, Vice President of Aerostructures Manufacturing with Lockheed Martin, gave the afternoon presentation. This session was held in Pfahl 140 and sent to 5 Timken sites by video conference. The Timken Company is a member of CEMM. The audience of approximately 200 attendees was the largest audience CEMM has had at a quarterly seminar. If there is continued interest in long distance learning, we will offer member companies the opportunity to participate in a video conference of our afternoon sessions.

The introduction to the afternoon seminar was a live webcast by John Dix, Co-Director of the CEMM, who gave a brief description of the Center. You may view this archived webcast by clicking below.

http://fisher.osu.edu/cemm/20010518-webcast.htm

CEMM Job Fair

The CEMM will host its 4th Annual Job Fair for member companies on October 3, 2001 at the Faculty Club. Each company will receive an invitation in July to participate. Since space is limited at the Faculty Club, we will accept participants on a first come basis. This year we would like to better match both companies and students by being more specific as to what types of students our members are interested in interviewing - graduate or undergraduate, and specific majors.
# PROFESSIONAL DEVELOPMENT SEMINARS
## 2001/2002

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<tr>
<th>Day and Location</th>
<th>Morning Sessions 10:30 a.m.–11:30 a.m.</th>
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<td><strong>Friday, September 7, 2001</strong>&lt;br&gt;Longaberger Alumni House</td>
<td>Joe Phelan&lt;br&gt;General Manager Mfg.&lt;br&gt;Joe Skilling&lt;br&gt;GE Superabrasives&lt;br&gt;e-Business at GE</td>
<td>Roger Blackwell&lt;br&gt;Professor of Marketing - OSU&lt;br&gt;Customers Rule!&lt;br&gt;Developing Winning E-Commerce Strategies</td>
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<td><strong>Friday, November 30, 2001</strong>&lt;br&gt;Longaberger Alumni House</td>
<td>Laura A. Blum&lt;br&gt;Production and Inventory Control Supervisor&lt;br&gt;Tosoh&lt;br&gt;Advanced Scheduling Systems</td>
<td>J.P. McCarthy, Manager of Area Manufacturing&lt;br&gt;Dana Corporation&lt;br&gt;Exceeding Quality Standards Through Teamwork</td>
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<td><strong>Friday, February 15, 2002</strong>&lt;br&gt;140 Pfahl Hall</td>
<td>To Be Announced</td>
<td>Dave Kirk, VP Operations&lt;br&gt;Copeland Corp.&lt;br&gt;Linking Manufacturing Performance Measures to Customers</td>
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<td><strong>Friday, May 17, 2002</strong>&lt;br&gt;140 Pfahl Hall</td>
<td>To Be Announced</td>
<td>Mike Tanner, Group Plant Manager&lt;br&gt;TI Group Automotive Systems&lt;br&gt;Capturing the Benefits of Lean Manufacturing</td>
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<td><strong>Friday, August 23, 2002</strong>&lt;br&gt;140 Pfhal Hall</td>
<td>To Be Announced</td>
<td>Russ Schaffede, Sr. VP Global Manufacturing&lt;br&gt;Donnelly Corporation&lt;br&gt;Leading the Lean Transformation</td>
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Board Meetings are scheduled following the afternoon sessions in September 2001, February 2002 and August 2002.
Center for Excellence in Manufacturing Management

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