

BAIN & COMPANY

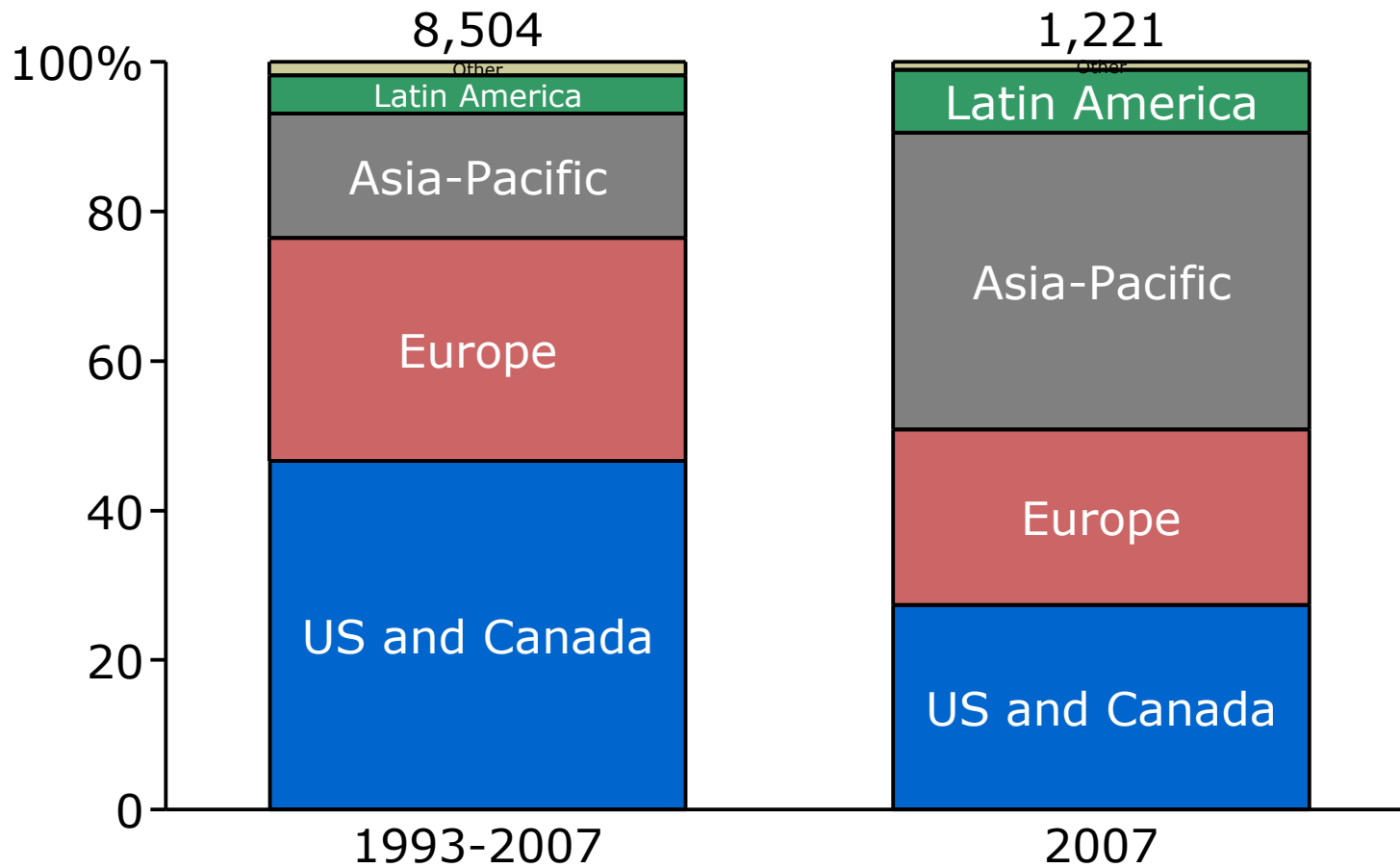
Management Tools and Trends 2007

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- In 1993, Bain launched a multi-year research project to get the facts about management tools and trends. Our objective is two-fold:
 - To provide managers with information they need to identify and integrate tools that will improve bottom-line results
 - To understand how global executives view their strategic challenges and priorities
- Over the past 14 years, we have completed 11 surveys, assembling a database that now includes 8,504 respondents from more than 70 countries in North America, Europe, Asia, Africa, the Middle East and Latin America
- This year, we received 1221 completed surveys from a broad range of international executives. We also conducted personal follow-up interviews to further probe the circumstances under which tools are most likely to produce desired results

11 surveys, 8,504 respondents covering a 14-year span



- This year, we focused on 25 of the most popular tools and techniques, listed on the slide below. To qualify for inclusion, a tool had to be:
 - Relevant to senior management
 - Topical (as evidenced by coverage in the business press)
 - Measurable
- We defined these tools in a booklet titled *Management Tools 2007, An Executive's Guide*
- Booklets and surveys were mailed to senior executives (a well-balanced mix of line and staff, corporate and divisional managers) around the world. Surveys were also conducted online in partnership with EIU.com. The survey is reprinted in the appendix at the back of this report

We focused on 25 of the most popular tools

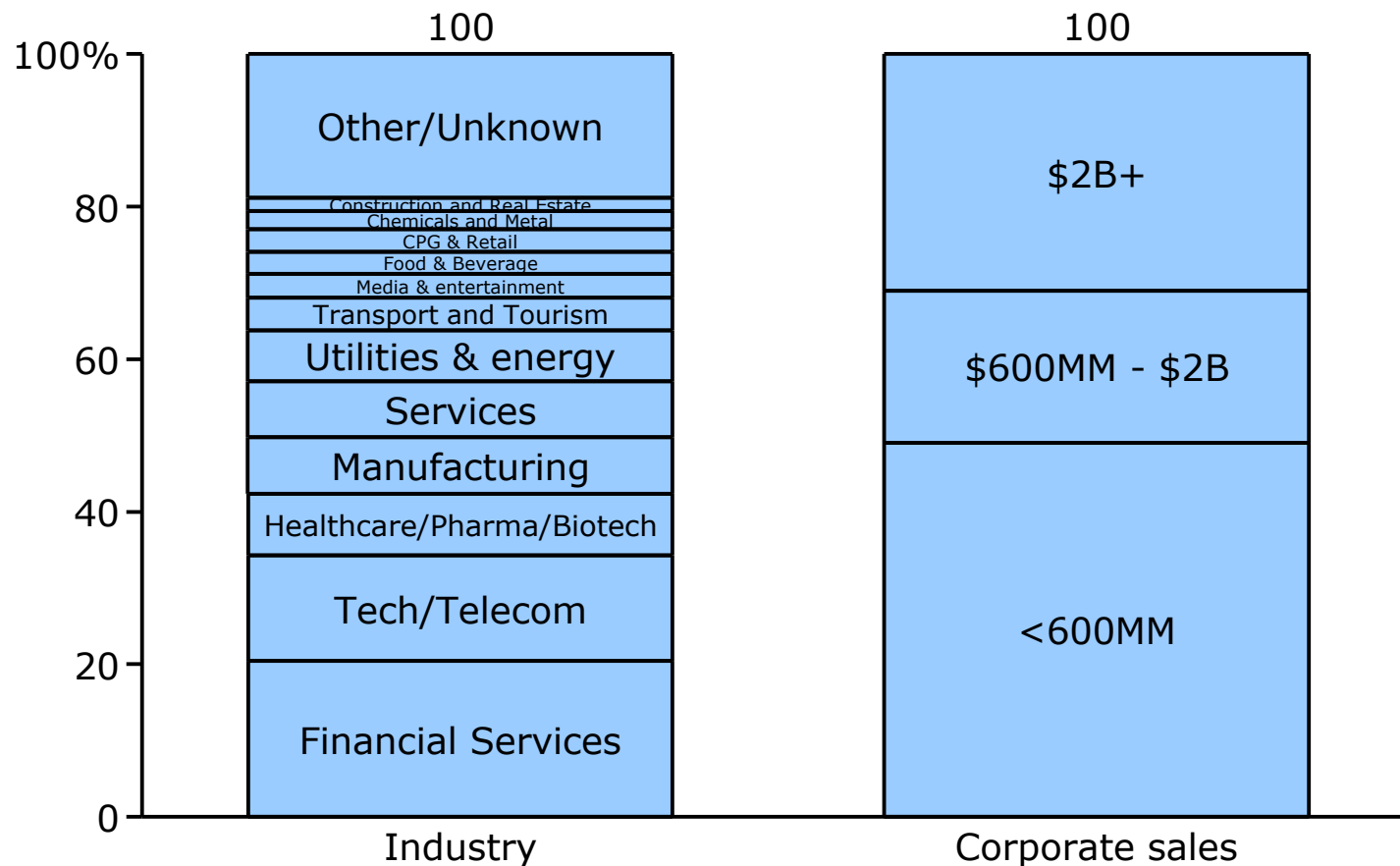
- Balanced Scorecard
- Benchmarking
- Business Process Reengineering
- Collaborative Innovation
- Consumer Ethnography*
- Core Competencies
- Corporate Blogs*
- Customer Relationship Mgmt.
- Customer Segmentation
- Growth Strategy Tools
- Knowledge Management
- Lean Operations*
- Loyalty Management Tools
- Mergers and Acquisitions*
- Mission and Vision Statements
- Offshoring
- Outsourcing
- RFID
- Scenario and Contingency Planning
- Shared Service Centers*
- Six Sigma
- Strategic Alliances
- Strategic Planning
- Supply Chain Management
- Total Quality Management

* Tool included in the survey for the first time in 2007

- Global respondents represent a full range of industries and company sizes
- With results of 8,504 surveys and more than 300 personal interviews in our database, we have created the world's most comprehensive and definitive fact base on management tools and trends

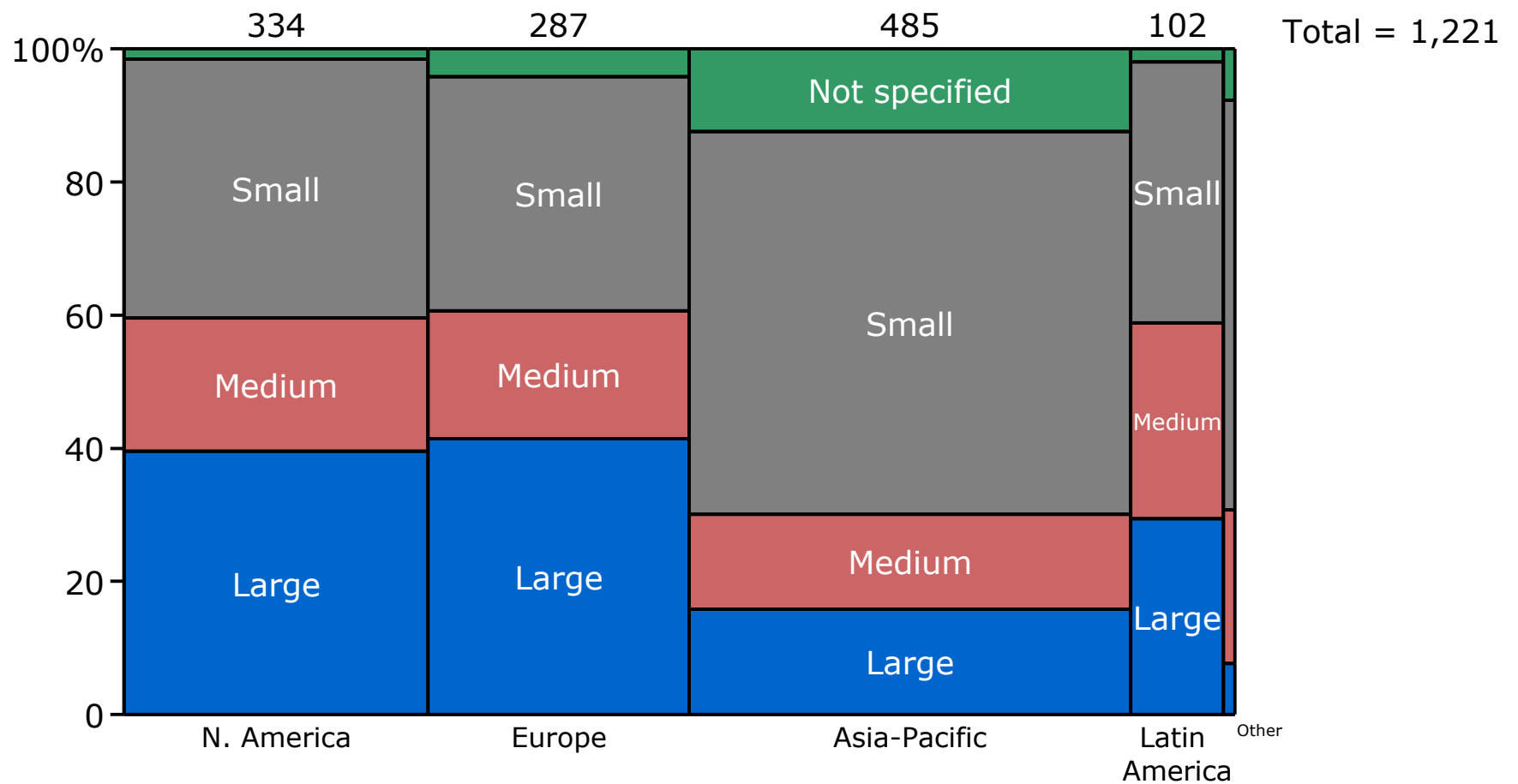
Global respondents represent the full range of industries and company sizes

Demographics of 2007 global respondents



- When interpreting the regional differences, please note that respondents from Asia-Pacific companies tend to be from smaller companies

Company size by region



This year's trends analysis highlights:

- **Executives are recognizing the impact of soft issues**

- Executives are looking beyond cost cutting to be successful. Nine of ten executives agree "Culture is a important as strategy for business success" and seven of ten feel "Environmentally-friendly products and practices are an important part of our mission". The concern with environmental issues is especially true among executives in China and other emerging market countries with 77% of them agreeing versus 59% of executives in established markets.

- **Companies are looking outside to grow**

- Companies are acknowledging the impact of globalization as five of ten feel "Working with China and India will be vital to our success over the next 5 years" and four of ten agree "Cross-border acquisitions will be critical to achieving our growth objectives in the next 5 years".

- **While executives overall are bullish on the economy, those in China express the most concern**

- Companies looking to China and India for growth may be in for a challenge as more executives in China (45%) are planning for an economic slowdown than executives in any other region (27% North America, 18% other Asia-Pacific, 15% Europe, 10% Latin America).

- **Innovation remains a priority**

- While an issue with fewer firms than in 2004, companies continue to struggle with innovation. Eight of ten respondents believe that "Innovation is more important than cost reduction for long-term success". Yet, as we saw in 2004, the majority of executives confess that "We could dramatically boost innovation by collaborating with outsiders, even competitors".

- **IT continues to be seen as beneficial**

- Nine of ten executives believe that "Information technology can create significant competitive advantages". The majority of executives feel their company is investing wisely in IT as only 3 of 10 feel "We rarely achieve expected paybacks from our IT investments".

The view on management trends

| | <u>Agree</u> | <u>Disagree</u> |
|--|---------------------|------------------------|
| Culture is as important as strategy for business success | 91% | 3% |
| Information technology can create significant competitive advantages | 87% | 4% |
| Innovation is more important than cost reduction for long-term success | 79% | 10% |
| Consolidating and sharing back office operations improves both cost and quality | 73% | 9% |
| Environmentally-friendly products and practices are an important part of our mission | 66% | 12% |
| We could dramatically boost innovation by collaborating with outsiders, even competitors | 65% | 17% |
| A growing percentage of our products and services behave like commodities | 59% | 23% |
| Unclear decision making authority is hurting our performance | 53% | 31% |
| Working with China and India will be vital to our success over the next 5 years | 53% | 23% |
| Insufficient consumer insight is hurting our performance | 51% | 31% |
| We wait too long before divesting businesses that hinder our performance | 50% | 23% |
| Our core business is running out of steam, and needs new capabilities | 47% | 38% |
| We know customer loyalty is important, but don't know how to profitably improve it | 44% | 36% |
| Our current capabilities are not sufficient to achieve our financial objectives | 43% | 44% |
| Our company would deliver better long-term results as a privately-owned firm | 43% | 25% |
| Cross-border acquisitions critical to achieving our growth objectives in next 5 years | 42% | 37% |
| I would rather work at a privately-owned company than a public company | 39% | 27% |
| We rarely achieve expected paybacks from our IT investments | 33% | 42% |
| We do not adequately customize our offerings to local markets | 33% | 46% |
| We are planning for an economic slowdown over the next 12 months | 27% | 48% |

- Some of these attitudes vary by region

- North American executives are

- More likely to feel their products and services are behaving like commodities and yet less concerned with innovation
 - More confident in their management as fewer feel unclear decision making is hurting their performance or that their IT investments are not paying off

- European executives are

- Less concerned about an economic slowdown
 - More concerned with their level of consumer insight
 - Planning to make more cross-border acquisitions in the next 5 years
 - More interested in working for a private company, though they are less likely to feel their current firm would deliver better results as a private firm

- Asian executives are

- More likely to be planning for an economic slowdown
 - Strongly focused on innovation over cost reduction, which may at least partially explain why they are less likely to feel their products and services are increasingly behaving like commodities
 - More concerned with environmentally friendly products and practices
 - Bigger supporters of consolidating back office operations
 - More likely to feel their company would perform better as a privately owned firm

- Latin American executives are

- More concerned with environmentally friendly products and services
 - More concerned than any other region that their products and services are behaving like commodities
 - Least likely to plan to work with China or India in the next 5 years
 - Least concerned about an economic slowdown

Agreement level varies by region

| | <u>N.Amer.</u> | <u>Europe</u> | <u>Asia</u> | <u>L. Amer.</u> |
|---|----------------|---------------|-------------|-----------------|
| • Culture is as important as strategy for business success | 89% | 91% | 91% | 93% |
| • Information Technology can create significant competitive advantages | 86% | 88% | 87% | 88% |
| • Innovation is more important than cost reduction for our long-term success | 69% | 79% | 85% | 81% |
| • Consolidating and sharing back office operations improves both cost and quality | 66% | 66% | 83% | 75% |
| • Environmentally-friendly products/practices are important part of our mission | 55% | 62% | 75% | 81% |
| • We could dramatically boost innovation by collaborating with outsiders | 59% | 62% | 72% | 59% |
| • A growing percentage of our products and services behave like commodities | 66% | 56% | 54% | 70% |
| • Unclear decision making authority is hurting our performance | 44% | 57% | 61% | 34% |
| • Working with China and India will be vital to our success over the next 5 yrs | 53% | 56% | 53% | 40% |
| • Insufficient consumer insight is hurting our performance | 49% | 56% | 53% | 38% |
| • We wait too long before divesting businesses that hinder our performance | 42% | 53% | 54% | 52% |
| • Our core business is running out of steam and needs new capabilities | 43% | 47% | 50% | 40% |
| • Customer loyalty is important, but don't know how to profitably improve it | 38% | 41% | 51% | 43% |
| • Our current capabilities are not sufficient to achieve our financial objectives | 47% | 43% | 42% | 39% |
| • Our company would deliver better long-term results as a privately-owned firm | 36% | 31% | 61% | 19% |
| • Cross-border acquisitions critical to achieving growth objectives in next 5 yrs | 41% | 50% | 39% | 36% |
| • I would rather work at a privately-owned company than a public company | 39% | 52% | 38% | 13% |
| • We rarely achieve expected paybacks from our IT investments | 28% | 36% | 36% | 34% |
| • We do not adequately customize our offerings to local markets | 34% | 27% | 40% | 15% |
| • We are planning for an economic slowdown over the next 12 months | 27% | 15% | 37% | 10% |

- Significantly higher than executives not in that region
- Significantly lower than executives not in that region

- Within Asia-Pacific, there are several clear differences between Chinese companies and others in the region
 - Chinese firms are **more** likely to
 - ▶ Believe their company would deliver better results as a privately owned firm
 - ▶ Be planning for an economic slowdown
 - ▶ Feel innovation is more important than cost reduction
 - ▶ Believe consolidating and sharing back office operations improves both cost and quality
 - ▶ Believe environmentally-friendly products and practices are part of their mission
 - Chinese firms are **less** likely to
 - ▶ Feel that their current capabilities are not sufficient to achieve their financial objectives
 - ▶ Plan on making cross-border acquisitions

China versus other Asia-Pacific

| | China | Other A-P |
|---|--------------|------------------|
| • Culture is as important as strategy for business success | 91% | 93% |
| • Information Technology can create significant competitive advantage | 88% | 84% |
| • Innovation is more important than cost reduction for our long-term success | 88% | 77% |
| • Consolidating and sharing back office operations improves both cost and quality | 86% | 75% |
| • Environmentally-friendly products/practices are important part of our mission | 78% | 67% |
| • We could dramatically boost innovation by collaborating with outsiders | 74% | 66% |
| • A growing percentage of our products and services behave like commodities | 51% | 60% |
| • Unclear decision making authority is hurting our performance | 65% | 51% |
| • Working with China and India will be vital to our success over the next 5 yrs | 45% | 71% |
| • Insufficient consumer insight is hurting our performance | 51% | 60% |
| • We wait too long before divesting businesses that hinder our performance | 54% | 53% |
| • Our core business is running out of steam and needs new capabilities | 52% | 46% |
| • Customer loyalty is important, but don't know how to profitably improve it | 52% | 48% |
| • Our current capabilities are not sufficient to achieve our financial objectives | 38% | 50% |
| • Our company would deliver better long-term results as a privately-owned firm | 67% | 45% |
| • Cross-border acquisitions critical to achieving growth objectives in next 5 yrs | 34% | 53% |
| • I would rather work at a privately-owned company than a public company | 36% | 41% |
| • We rarely achieve expected paybacks from our IT investments | 34% | 39% |
| • We do not adequately customize our offerings to local markets | 42% | 35% |
| • We are planning for an economic slowdown over the next 12 months | 45% | 18% |

- China significantly higher than other Asia-Pacific executives
- China significantly lower than other Asia-Pacific executives

- We divided the companies into emerging vs. established markets to understand how their attitudes and behavior differ
 - Companies from emerging markets are **more** likely to
 - Feel that environmentally-friendly products and practices are part of their mission
 - Believe their company would fare better as a private firm
 - Feel consolidating back office operations improves cost and quality
 - Believe innovation is more important than cost reduction
 - Be planning for an economic slowdown
 - Feel customer loyalty is important but that they don't know how to profitably improve it
 - Companies from emerging markets are **less** likely to
 - Prefer to work at a privately owned firm
 - Plan on making cross-border acquisitions

Note: Emerging markets defined as those who are part of the **MSCI Emerging Markets IndexSM**. As of June 2006 the index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Columbia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey

Emerging versus Established Markets

| | Emerging | Established |
|---|---|--------------------|
| • Culture is as important as strategy for business success | 92% | 90% |
| • Information Technology can create significant competitive advantage | 88% | 86% |
| • Innovation is more important than cost reduction for our long-term success | 84% | 74% |
| • Consolidating and sharing back office operations improves both cost and quality | 83% | 66% |
| • Environmentally-friendly products/practices are important part of our mission | 77% | 59% |
| • We could dramatically boost innovation by collaborating with outsiders | 69% | 62% |
| • A growing percentage of our products and services behave like commodities | 57% | 62% |
| • Unclear decision making authority is hurting our performance | 57% | 51% |
| • Working with China and India will be vital to our success over the next 5 yrs | 49% | 56% |
| • Insufficient consumer insight is hurting our performance | 50% | 52% |
| • We wait too long before divesting businesses that hinder our performance | 53% | 48% |
| • Our core business is running out of steam and needs new capabilities | 48% | 46% |
| • Customer loyalty is important, but don't know how to profitably improve it | 51% | 40% |
| • Our current capabilities are not sufficient to achieve our financial objectives | 41% | 46% |
| • Our company would deliver better long-term results as a privately-owned firm | 55% | 34% |
| • Cross-border acquisitions critical to achieving growth objectives in next 5 yrs | 37% | 46% |
| • I would rather work at a privately-owned company than a public company | 33% | 45% |
| • We rarely achieve expected paybacks from our IT investments | 34% | 32% |
| • We do not adequately customize our offerings to local markets | 36% | 31% |
| • We are planning for an economic slowdown over the next 12 months | 33% | 21% |

- Emerging market companies significantly higher than Established market companies
- Emerging market companies significantly lower than Established market companies

- Attitudes also vary by company size. Executives at large companies (\$2B+ revenue) are **more** likely to feel
 - Their products and services are behaving like commodities
 - Working with China and India will be vital to their success
 - Environmentally-friendly products and practices are an important part of their mission
 - Cross-border acquisitions will be critical to achieving their growth objectives
- Large company executives are **less** likely to feel
 - Their current capabilities are not sufficient to achieve their financial objectives
 - They would prefer to work at a private company or that their company would perform better as a private company
 - Innovation is more important than cost reduction
 - Unclear decision making is hurting their performance
 - They do not know how to profitably improve customer loyalty
 - They are planning for an economic slowdown

Agreement level varies by company size

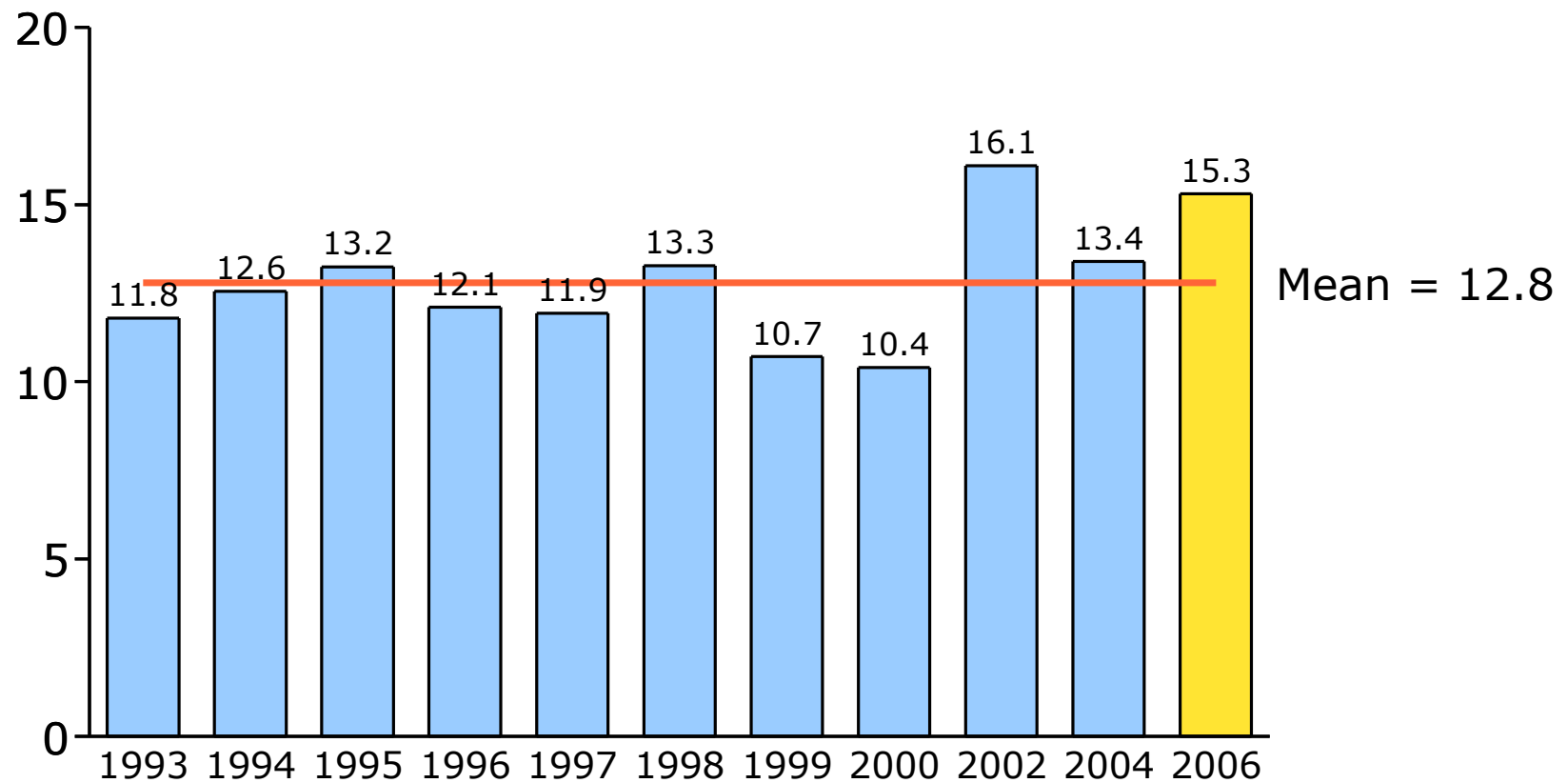
| | <u>Large</u> | <u>Medium</u> | <u>Small</u> |
|---|--------------|---------------|--------------|
| • Culture is as important as strategy for business success | 92% | 88% | 91% |
| • Information Technology can create significant competitive advantage | 85% | 90% | 87% |
| • Innovation is more important than cost reduction for our long-term success | 75% | 79% | 81% |
| • Consolidating and sharing back office operations improves both cost and quality | 72% | 73% | 73% |
| • Environmentally-friendly products/practices are important part of our mission | 72% | 61% | 65% |
| • We could dramatically boost innovation by collaborating with outsiders | 61% | 63% | 68% |
| • A growing percentage of our products and services behave like commodities | 71% | 58% | 52% |
| • Unclear decision making authority is hurting our performance | 48% | 48% | 58% |
| • Working with China and India will be vital to our success over the next 5 yrs | 65% | 56% | 44% |
| • Insufficient consumer insight is hurting our performance | 51% | 42% | 55% |
| • We wait too long before divesting businesses that hinder our performance | 53% | 50% | 49% |
| • Our core business is running out of steam and needs new capabilities | 45% | 42% | 49% |
| • Customer loyalty is important, but don't know how to profitably improve it | 38% | 40% | 49% |
| • Our current capabilities are not sufficient to achieve our financial objectives | 38% | 44% | 47% |
| • Our company would deliver better long-term results as a privately-owned firm | 33% | 37% | 50% |
| • Cross-border acquisitions critical to achieving growth objectives in next 5 yrs | 55% | 47% | 33% |
| • I would rather work at a privately-owned company than a public company | 35% | 36% | 44% |
| • We rarely achieve expected paybacks from our IT investments | 37% | 39% | 29% |
| • We do not adequately customize our offerings to local markets | 32% | 35% | 32% |
| • We are planning for an economic slowdown over the next 12 months | 22% | 22% | 30% |

- Significantly higher than executives in other sized companies
 Significantly lower than executives in other sized companies

- Tool usage increased worldwide
 - An average of 15 tools were used in 2006, up from 13 in 2004
 - This increase was especially prevalent among small and medium-sized companies, both of whom had significantly decreased their tool usage in 2004
- Of course, some of the change we see in the number of tools used may be because of the changing survey demographics from year to year
 - However, if we had the exact same mix of company sizes as we did in 2004, the mean number of tools used would have been 15.4
 - And if we had the exact same regional mix, the mean would have been 15.1

Tool usage increased in 2006

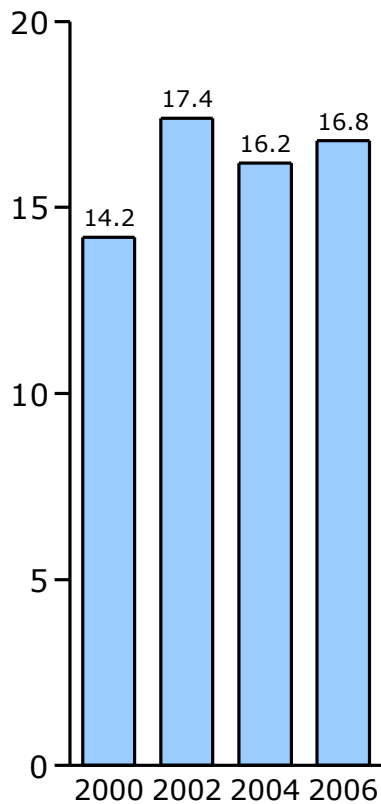
Average number of tools used



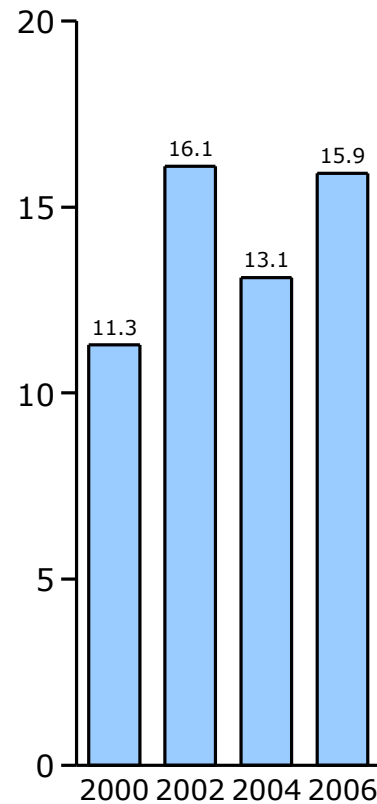
- As we have found every year, larger companies use more tools
- This year we found that each subset of companies increased their tool usage back to close to their 2002 levels

Tool usage varies by company size

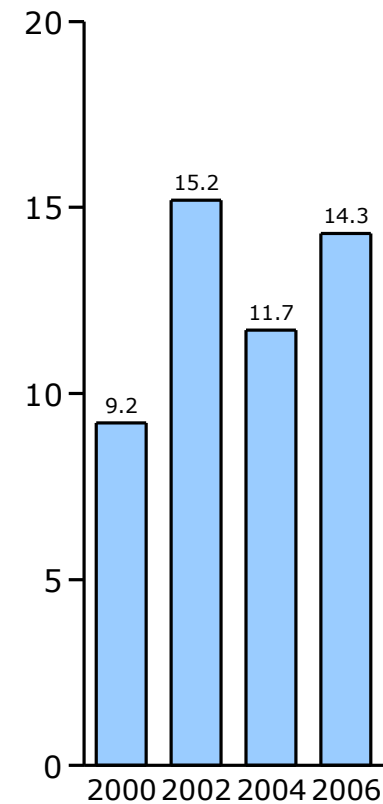
**Large companies
(\$2b+)***



**Medium companies
(\$600M - <\$2B)***



**Small companies
(<\$600M)***

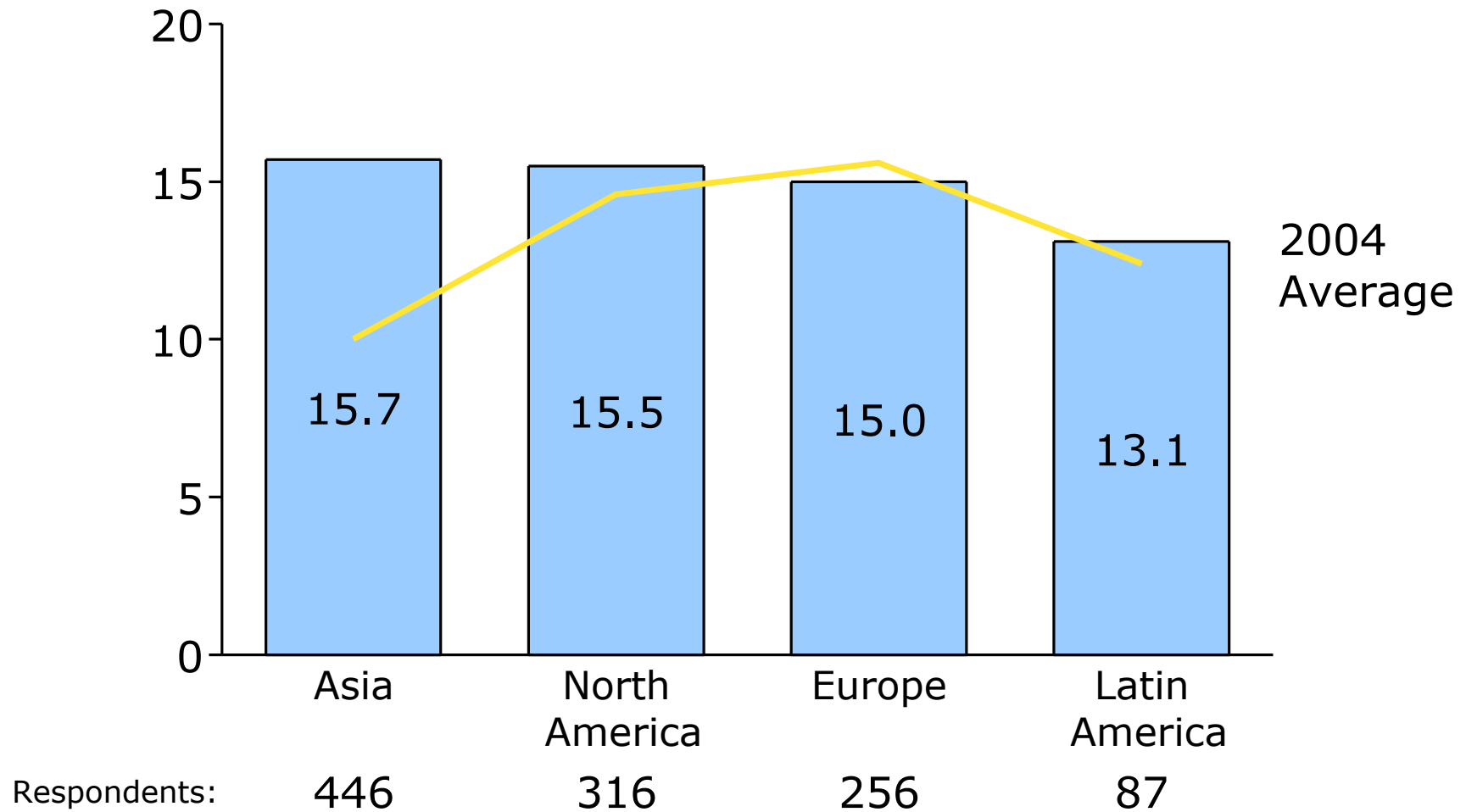


*Based on annual revenues

- Latin American firms use the fewest number of tools

Differences in tool usage around the world

Average number of tools used in 2006



- The number of tools used varies by industry

- Heaviest users are:

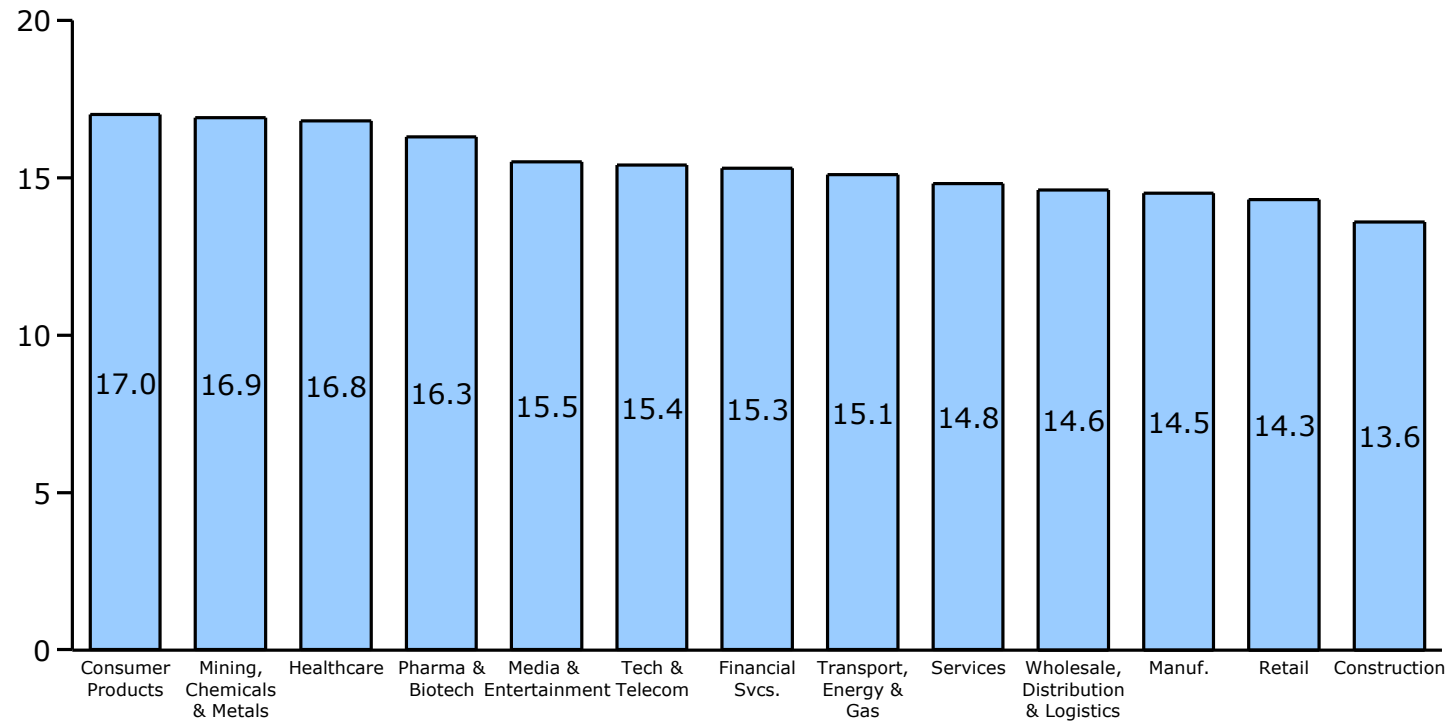
- Consumer Products
 - Mining, Chemicals & Metals
 - Healthcare
 - Pharma & Biotech

- Lightest users are:

- Construction
 - Retail
 - Manufacturing

Tool usage varies by industry

Average number of tools used in 2006



Respondents 41 37 26 40 33 119 184 80 76 25 115 26 30

- Customer tools receive a mixed reception
 - Two customer focused tools, Customer Segmentation and CRM, are both heavily used and receive high satisfaction scores. Three others, Corporate Blogs, Consumer Ethnography and Loyalty Management Tools are near the bottom of both the usage and satisfaction lists
- Knowledge Management increases usage, despite itself
 - Knowledge Management moved into the top 10 most used tools in 2006 despite being ranked in the bottom 5 for satisfaction in every survey for the past ten years
- Some tools stand out as winners and losers
 - While no tool is right for everyone, Strategic Planning, Customer Relationship Management, Core Competencies and Customer Segmentation are all above average in both usage and satisfaction
 - On the flip side, RFID, Corporate Blogs, Consumer Ethnography, Loyalty Management Tools and Shared Service Centers are all below average on both usage and satisfaction
 - While understandably used by a smaller percentage of companies, Mergers and Acquisitions also achieves high satisfaction scores

Usage and satisfaction rates in 2006

| | <u>Usage</u> | <u>Satisfaction</u> |
|-----------------------------------|--------------|---------------------|
| Strategic Planning | 88%* | 3.93* |
| Customer Relationship Management | 84%* | 3.87* |
| Customer Segmentation | 82%* | 3.93* |
| Benchmarking | 81%* | 3.80 |
| Mission and Vision Statements | 79%* | 3.78 |
| Core Competencies | 79%* | 3.86* |
| Outsourcing | 77%* | 3.68** |
| Business Process Reengineering | 69%* | 3.77 |
| Scenario and Contingency Planning | 69%* | 3.78 |
| Knowledge Management | 69%* | 3.59** |
| Strategic Alliances | 68%* | 3.78 |
| Balanced Scorecard | 66%* | 3.60** |
| Supply Chain Management | 66%* | 3.77 |
| Growth Strategy Tools | 65%* | 3.75 |
| Total Quality Management | 64%* | 3.80 |
| Shared Service Centers | 55%** | 3.63** |
| Lean Operations | 54%** | 3.73 |
| Collaborative Innovation | 53%** | 3.72 |
| Loyalty Management Tools | 51%** | 3.59** |
| Mergers and Acquisitions | 50%** | 3.88* |
| Six Sigma | 40%** | 3.66 |
| Offshoring | 37%** | 3.70 |
| Consumer Ethnography | 35%** | 3.61** |
| Corporate Blogs | 30%** | 3.39** |
| RFID | 23%** | 3.55** |

- We identified the top 10 tools globally and by region
 - The top 10 tools were similar across the regions
 - Strategic Planning is the most frequently used tool in every region, except Asia-Pacific where it is second
 - Europe is more likely to Outsource, North America less likely
 - Strategic Alliances is more highly ranked in North America and Europe than in Asia-Pacific or Latin America
 - Customer Relationship Management and Core Competencies rank lower in Latin America than elsewhere, while Growth Strategy Tools and TQM rank higher

Top 10 most used tools

| | <u>Global</u> | <u>North America</u> | <u>Europe</u> | <u>Asia</u> | <u>Latin America</u> |
|-----------------------------------|---------------|----------------------|---------------|-------------|----------------------|
| • Strategic Planning | 1 | 1 | 1 | 2 | 1 |
| • Customer Relationship Mgmt. | 2 | 3 | 4 | 1 | 9 |
| • Customer Segmentation | 3 | 6 | 2(t) | 3 | 3(t) |
| • Benchmarking | 4 | 2 | 2(t) | 9(t) | 2 |
| • Core Competencies | 5(t) | 5 | 5(t) | 4 | 10 |
| • Mission and Vision Statements | 5(t) | 4 | 7 | 5(t) | 5 |
| • Outsourcing | 7 | 8 | 5(t) | 7(t) | 3(t) |
| • Business Process Reengineering | 8(t) | 10(t) | 10(t) | 5(t) | 14(t) |
| • Knowledge Management | 8(t) | 12 | 10(t) | 7(t) | 14(t) |
| • Scenario & Contingency Planning | 8(t) | 9 | 8 | 14 | 7 |
| • Strategic Alliances | 11 | 7 | 9 | - | - |
| • Growth Strategy Tools | 14 | 10(t) | 10(t) | - | 6 |
| • Total Quality Management | 15 | - | 9(t) | 8 | |

Note: (t) = tied

- Strategic Planning and Customer Relationship Management remained the two most widely used tools in 2006
- Knowledge Management and Scenario and Contingency Planning moved from a tie for 15th to a tie for 8th
- Outsourcing dropped from the 3rd most used tool to 7th
- Strategic Alliances, Growth Strategy Tools and Total Quality Management dropped out of the top 10 from 2004

Top 10 tool usage has shifted

| | 1st year surveyed usage | 2006 usage | 2006 rank | 2004 rank |
|---------------------------------|---|-------------------|------------------|------------------|
| Strategic Planning* | 83% | 88% | 1 | 1 |
| CRM*** | 35% | 84% | 2 | 2 |
| Customer Segmentation** | 60% | 82% | 3 | 5(t) |
| Benchmarking | 70% | 81% | 4 | 3(t) |
| Mission & Vision Statements | 88% | 79% | 5 | 5(t) |
| Core Competencies | 52% | 79% | 6 | 7 |
| Outsourcing** | 71% | 77% | 7 | 3(t) |
| Business Process Reengineering | 67% | 69% | 8(t) | 10(t) |
| Knowledge Management* | 28% | 69% | 8(t) | 15(t) |
| Scenario & Contingency Planning | 38% | 69% | 8(t) | 15(t) |

*Tool added in 1996 **Tool added in 1998 ***Tool added in 2000

- Comparing the top 10 tools over time shows several key points about tool usage
 - Certain tools such as Strategic Planning and Benchmarking are consistently used by a large number of companies
 - While there is some correlation between usage and past satisfaction, some tools such as Knowledge Management, continue to build usage even while receiving consistently low satisfaction scores

Top 10 tools have varied over time

| 1993 | 1996 | 2000 | 2006 |
|--|--|--|--|
| <ul style="list-style-type: none"> • Mission & Vision Statements (88%) | <ul style="list-style-type: none"> • Strategic Planning* (83%) | <ul style="list-style-type: none"> • Strategic Planning* (76%) | <ul style="list-style-type: none"> • Strategic Planning* (88%) |
| <ul style="list-style-type: none"> • Customer Satisfaction (86%) | <ul style="list-style-type: none"> • Mission & Vision Statements (82%) | <ul style="list-style-type: none"> • Mission & Vision Statements (70%) | <ul style="list-style-type: none"> • CRM*** (84%) |
| <ul style="list-style-type: none"> • TQM (72%) | <ul style="list-style-type: none"> • Benchmarking (79%) | <ul style="list-style-type: none"> • Benchmarking (69%) | <ul style="list-style-type: none"> • Customer Segmentation** (82%) |
| <ul style="list-style-type: none"> • Competitor Profiling (71%) | <ul style="list-style-type: none"> • Customer Satisfaction (79%) | <ul style="list-style-type: none"> • Outsourcing** (63%) | <ul style="list-style-type: none"> • Benchmarking (81%) |
| <ul style="list-style-type: none"> • Benchmarking (70%) | <ul style="list-style-type: none"> • Core Competencies (69%) | <ul style="list-style-type: none"> • Customer Satisfaction (60%) | <ul style="list-style-type: none"> • Mission & Vision Statements (79%) |
| <ul style="list-style-type: none"> • Pay-for-Performance (70%) | <ul style="list-style-type: none"> • TQM (66%) | <ul style="list-style-type: none"> • Growth Strategies* (55%) | <ul style="list-style-type: none"> • Core Competencies (79%) |
| <ul style="list-style-type: none"> • Reengineering (67%) | <ul style="list-style-type: none"> • Reengineering (65%) | <ul style="list-style-type: none"> • Strategic Alliances (53%) | <ul style="list-style-type: none"> • Outsourcing** (77%) |
| <ul style="list-style-type: none"> • Strategic Alliances (62%) | <ul style="list-style-type: none"> • Pay-for-Performance (63%) | <ul style="list-style-type: none"> • Pay-for-Performance (52%) | <ul style="list-style-type: none"> • Business Process Reengineering (69%) |
| <ul style="list-style-type: none"> • Cycle Time Reduction (55%) | <ul style="list-style-type: none"> • Strategic Alliances (61%) | <ul style="list-style-type: none"> • Customer Segmentation (51%) | <ul style="list-style-type: none"> • Knowledge Management* (69%) |
| <ul style="list-style-type: none"> • Self-Directed Teams (55%) | <ul style="list-style-type: none"> • Growth Strategies* (55%) | <ul style="list-style-type: none"> • Core Competencies (48%) | <ul style="list-style-type: none"> • Scenario & Contingency Planning (69%) |

*Tool added in 1996 ***Tool added in 2000
 **Tool added in 1998

- There are similar usage levels for the top 5 tools across regions, with some exceptions
 - Customer Relationship Management and Core Competencies are used by fewer Latin American firms
 - Customer Segmentation is used by fewer North American firms
 - Benchmarking and Strategic Planning are used by fewer Asia-Pacific firms
- More Asian firms seem to be early adopters of tools, with much higher usage rates of tools such as Consumer Ethnography and Corporate Blogs
- Other interesting differences
 - Six Sigma has been adopted by fewer firms in Europe and Latin America
 - Knowledge Management is used more heavily in Asia-Pacific
 - Strategic Alliances are used most heavily in North America and least in Latin America
 - Total Quality Management is used heavily in Asia-Pacific and much less in North America
 - Shared Service Centers have been adopted more in Asia-Pacific. We earlier saw that Asia-Pacific executives were much more likely to feel these improved cost and quality
 - Collaborative Innovation is more prevalent in North America than in Europe or Latin America
 - Loyalty Management Tools are used less in Latin and North America and more in Asia-Pacific

Usage rates vary by region

| | <u>N. America</u> | <u>Europe</u> | <u>Asia</u> | <u>L. America</u> |
|-------------------------------------|-------------------|---------------|-------------|-------------------|
| • Strategic Planning | 90% | 90% | 85% | 91% |
| • Customer Relationship Management | 84% | 85% | 86% | 67% |
| • Customer Segmentation | 77% | 88% | 82% | 82% |
| • Benchmarking | 86% | 88% | 74% | 84% |
| • Core Competencies | 81% | 80% | 79% | 63% |
| • Mission and Vision Statements | 83% | 76% | 76% | 79% |
| • Outsourcing | 74% | 80% | 75% | 82% |
| • Business Process Reengineering | 67% | 65% | 76% | 54% |
| • Knowledge Management | 66% | 65% | 75% | 54% |
| • Scenario and Contingency Planning | 72% | 74% | 64% | 72% |
| • Strategic Alliances | 75% | 66% | 66% | 56% |
| • Balanced Scorecard | 62% | 63% | 71% | 60% |
| • Supply Chain Management | 62% | 60% | 73% | 60% |
| • Growth Strategy Tools | 67% | 65% | 61% | 73% |
| • Total Quality Management | 51% | 60% | 74% | 68% |
| • Shared Service Centers | 51% | 51% | 61% | 51% |
| • Lean Operations | 59% | 52% | 56% | 33% |
| • Collaborative Innovation | 58% | 47% | 56% | 41% |
| • Loyalty Management Tools | 44% | 52% | 59% | 30% |
| • Mergers and Acquisitions | 56% | 60% | 41% | 43% |
| • Six Sigma | 40% | 28% | 48% | 30% |
| • Offshoring | 51% | 42% | 30% | 8% |
| • Consumer Ethnography | 32% | 33% | 42% | 19% |
| • Corporate Blogs | 32% | 20% | 39% | 5% |
| • RFID | 24% | 19% | 26% | 13% |

- Use tool significantly more than those not in region
- Use tool significantly less than those not in region

- Chinese firms use the majority of the tools less than their counterparts elsewhere in Asia-Pacific

Chinese firms use most tools less than other Asia-Pacific firms

| | <u>China</u> | <u>Other A-P</u> |
|-------------------------------------|--------------|------------------|
| • Strategic Planning | 81% | 95% |
| • Customer Relationship Management | 86% | 87% |
| • Customer Segmentation | 81% | 84% |
| • Benchmarking | 68% | 88% |
| • Core Competencies | 76% | 87% |
| • Mission and Vision Statements | 71% | 90% |
| • Outsourcing | 71% | 85% |
| • Business Process Reengineering | 78% | 71% |
| • Knowledge Management | 70% | 85% |
| • Scenario and Contingency Planning | 55% | 86% |
| • Strategic Alliances | 60% | 82% |
| • Balanced Scorecard | 70% | 74% |
| • Supply Chain Management | 74% | 69% |
| • Growth Strategy Tools | 51% | 87% |
| • Total Quality Management | 74% | 74% |
| • Shared Service Centers | 59% | 65% |
| • Lean Operations | 54% | 64% |
| • Collaborative Innovation | 50% | 70% |
| • Loyalty Management Tools | 56% | 66% |
| • Mergers and Acquisitions | 33% | 63% |
| • Six Sigma | 49% | 48% |
| • Offshoring | 23% | 49% |
| • Consumer Ethnography | 42% | 40% |
| • Corporate Blogs | 40% | 38% |
| • RFID | 24% | 33% |

○ Chinese firms use tool significantly less than other Asia-Pacific firms

- Tool usage differs quite a bit among companies in emerging vs. established markets
 - Some of the tools used by more companies in **emerging** markets
 - Total Quality Management
 - Supply Chain Management
 - Six Sigma
 - Corporate Blogs
 - Shared Service Centers
 - Consumer Ethnography

 - Some of the tools used by more companies in **established** markets
 - Mergers and Acquisitions
 - Offshoring
 - Benchmarking
 - Scenario and Contingency Planning
 - Strategic Alliances

Usage rates by emerging market firms vs. established market firms

| | <u>Emerging</u> | <u>Established</u> |
|-------------------------------------|-----------------|--------------------|
| • Strategic Planning | 85% | 91% |
| • Customer Relationship Management | 83% | 84% |
| • Customer Segmentation | 82% | 81% |
| • Benchmarking | 74% | 87% |
| • Core Competencies | 76% | 81% |
| • Mission and Vision Statements | 75% | 82% |
| • Outsourcing | 76% | 77% |
| • Business Process Reengineering | 72% | 66% |
| • Knowledge Management | 70% | 68% |
| • Scenario and Contingency Planning | 63% | 73% |
| • Strategic Alliances | 62% | 72% |
| • Balanced Scorecard | 69% | 63% |
| • Supply Chain Management | 71% | 61% |
| • Growth Strategy Tools | 61% | 68% |
| • Total Quality Management | 73% | 57% |
| • Shared Service Centers | 59% | 52% |
| • Lean Operations | 51% | 57% |
| • Collaborative Innovation | 53% | 54% |
| • Loyalty Management Tools | 53% | 49% |
| • Mergers and Acquisitions | 39% | 59% |
| • Six Sigma | 45% | 36% |
| • Offshoring | 25% | 46% |
| • Consumer Ethnography | 39% | 32% |
| • Corporate Blogs | 35% | 26% |
| • RFID | 24% | 22% |

Use tool significantly more than those not in market type

- A greater percentage of large firms use the majority of the tools
 - Total Quality Management is the only tool used by significantly fewer large firms
- More medium sized firms use RFID and Total Quality Management

Usage rates vary by company size

| | <u>Large</u> | <u>Medium</u> | <u>Small</u> |
|-----------------------------------|---|---|---|
| Strategic Planning | 93% | 92% | 85% |
| Customer Relationship Management | 87% | 82% | 83% |
| Benchmarking | 90% | 81% | 76% |
| Customer Segmentation | 85% | 81% | 80% |
| Mission and Vision Statements | 85% | 76% | 78% |
| Core Competencies | 81% | 82% | 77% |
| Outsourcing | 84% | 75% | 74% |
| Scenario and Contingency Planning | 79% | 74% | 63% |
| Business Process Reengineering | 74% | 67% | 67% |
| Knowledge Management | 69% | 72% | 67% |
| Strategic Alliances | 72% | 71% | 66% |
| Balanced Scorecard | 76% | 67% | 60% |
| Growth Strategy Tools | 73% | 73% | 59% |
| Supply Chain Management | 75% | 64% | 61% |
| Total Quality Management | 58% | 72% | 64% |
| Lean Operations | 62% | 59% | 49% |
| Shared Service Centers | 68% | 56% | 46% |
| Collaborative Innovation | 52% | 51% | 57% |
| Mergers and Acquisitions | 73% | 60% | 35% |
| Loyalty Management Tools | 53% | 56% | 47% |
| Six Sigma | 46% | 43% | 35% |
| Offshoring | 54% | 43% | 26% |
| Consumer Ethnography | 36% | 38% | 34% |
| Corporate Blogs | 29% | 28% | 29% |
| RFID | 26% | 29% | 19% |

- Significantly higher usage rate than other sized companies
 Significantly lower usage rate than other sized companies

- The average overall satisfaction rating is 3.75, down from 3.89 in 2004
- Satisfaction leaders are
 - Customer Segmentation
 - Strategic Planning
 - Mergers and Acquisitions
 - Customer Relationship Management
 - Core Competencies
- Tools with below average satisfaction ratings are
 - Corporate Blogs
 - RFID
 - Loyalty Management Tools
 - Knowledge Management
 - Balanced Scorecard
 - Consumer Ethnography
 - Shared Service Centers
 - Outsourcing
- Asia-Pacific firms are less satisfied with all tools compared to the other regions, driven largely by ratings from executives in China

Overall satisfaction scores

| | Global | N. Amer. | Europe | Asia | L. Amer. |
|-----------------------------------|--------|----------|--------|------|----------|
| Customer Segmentation* | 3.93 | 4.04 | 4.19 | 3.65 | 4.18 |
| Strategic Planning* | 3.93 | 4.01 | 4.05 | 3.71 | 4.23 |
| Mergers and Acquisitions* | 3.88 | 3.99 | 4.06 | 3.56 | 4.23 |
| Customer Relationship Management* | 3.87 | 3.91 | 4.07 | 3.71 | 4.04 |
| Core Competencies* | 3.86 | 3.91 | 4.02 | 3.68 | 4.12 |
| Total Quality Management | 3.80 | 3.83 | 3.87 | 3.67 | 4.24 |
| Benchmarking | 3.80 | 3.95 | 4.03 | 3.45 | 4.07 |
| Mission and Vision Statements | 3.78 | 3.78 | 3.93 | 3.58 | 4.31 |
| Scenario and Contingency Planning | 3.78 | 3.87 | 3.90 | 3.61 | 3.91 |
| Strategic Alliances | 3.78 | 3.86 | 4.00 | 3.57 | 3.92 |
| Supply Chain Management | 3.77 | 3.87 | 3.96 | 3.60 | 3.88 |
| Business Process Reengineering | 3.77 | 3.92 | 3.89 | 3.59 | 4.09 |
| Growth Strategy Tools | 3.75 | 3.86 | 3.90 | 3.48 | 4.17 |
| Lean Operations | 3.73 | 3.87 | 3.85 | 3.51 | 4.11 |
| Collaborative Innovation | 3.72 | 3.93 | 3.91 | 3.47 | 3.74 |
| Offshoring | 3.70 | 3.75 | 3.88 | 3.47 | 4.17 |
| Outsourcing* | 3.68 | 3.71 | 3.78 | 3.57 | 3.78 |
| Six Sigma | 3.66 | 3.87 | 3.75 | 3.44 | 4.31 |
| Shared Service Centers* | 3.63 | 3.81 | 3.72 | 3.43 | 3.90 |
| Consumer Ethnography* | 3.61 | 3.93 | 3.76 | 3.31 | 4.25 |
| Balanced Scorecard* | 3.60 | 3.80 | 3.82 | 3.32 | 4.02 |
| Knowledge Management* | 3.59 | 3.65 | 3.64 | 3.49 | 3.83 |
| Loyalty Management Tools* | 3.59 | 3.74 | 3.74 | 3.41 | 3.85 |
| RFID* | 3.55 | 3.76 | 3.69 | 3.30 | 4.09 |
| Corporate Blogs* | 3.39 | 3.56 | 3.37 | 3.27 | 4.20 |

Global Avg
= 3.75

*Significantly above/below the global mean



Significantly higher than other regions



Significantly lower

- The low satisfaction rates among Asia-Pacific firms is largely driven by executives from China

China versus other Asia-Pacific satisfaction

| | <u>China</u> | <u>Other A-P</u> |
|-----------------------------------|--------------|------------------|
| Customer Segmentation | 3.51 | 4.01 |
| Strategic Planning | 3.48 | 4.18 |
| Mergers and Acquisitions | 3.22 | 3.98 |
| Core Competencies | 3.45 | 4.17 |
| Customer Relationship Management | 3.57 | 4.07 |
| Benchmarking | 3.18 | 3.98 |
| Total Quality Management | 3.55 | 3.97 |
| Mission and Vision Statements | 3.42 | 3.91 |
| Scenario and Contingency Planning | 3.33 | 4.02 |
| Supply Chain Management | 3.43 | 4.07 |
| Business Process Reengineering | 3.43 | 4.05 |
| Strategic Alliances | 3.31 | 4.01 |
| Growth Strategy Tools | 3.17 | 3.92 |
| Collaborative Innovation | 3.28 | 3.83 |
| Lean Operations | 3.30 | 3.96 |
| Offshoring | 3.04 | 3.98 |
| Outsourcing | 3.36 | 4.02 |
| Six Sigma | 3.24 | 3.94 |
| Shared Service Centers | 3.26 | 3.77 |
| Consumer Ethnography | 3.21 | 3.58 |
| Balanced Scorecard | 3.13 | 3.80 |
| Knowledge Management | 3.31 | 3.87 |
| Loyalty Management Tools | 3.31 | 3.60 |
| RFID | 3.04 | 3.76 |
| Corporate Blogs | 3.08 | 3.81 |

Other Asia-Pacific companies have significantly higher satisfaction rate than Chinese companies

- Respondents in established markets are more satisfied with tools than their counterparts in emerging markets
 - The one exception is Total Quality Management

Emerging versus established market satisfaction

| | <u>Emerging</u> | <u>Established</u> |
|-----------------------------------|-----------------|--------------------|
| Customer Segmentation | 3.73 | 4.10 |
| Strategic Planning | 3.78 | 4.04 |
| Mergers and Acquisitions | 3.58 | 4.03 |
| Core Competencies | 3.69 | 3.98 |
| Customer Relationship Management | 3.74 | 3.98 |
| Benchmarking | 3.52 | 3.98 |
| Total Quality Management | 3.74 | 3.85 |
| Mission and Vision Statements | 3.70 | 3.84 |
| Scenario and Contingency Planning | 3.62 | 3.89 |
| Supply Chain Management | 3.61 | 3.93 |
| Business Process Reengineering | 3.63 | 3.90 |
| Strategic Alliances | 3.57 | 3.91 |
| Growth Strategy Tools | 3.55 | 3.89 |
| Collaborative Innovation | 3.48 | 3.91 |
| Lean Operations | 3.49 | 3.89 |
| Offshoring | 3.46 | 3.81 |
| Outsourcing | 3.56 | 3.77 |
| Six Sigma | 3.50 | 3.81 |
| Shared Service Centers | 3.48 | 3.76 |
| Consumer Ethnography | 3.39 | 3.82 |
| Balanced Scorecard | 3.39 | 3.80 |
| Knowledge Management | 3.50 | 3.67 |
| Loyalty Management Tools | 3.43 | 3.73 |
| RFID | 3.30 | 3.76 |
| Corporate Blogs | 3.25 | 3.54 |

Established markets companies have significantly higher satisfaction rate than Emerging market companies ²⁴

- Some satisfaction levels vary by company size, though large companies are generally more satisfied with tools
 - The one exception is that large companies are less satisfied with Knowledge Management
 - Medium sized companies are more satisfied with RFID

Satisfaction by company size

| | Large | Medium | Small |
|-----------------------------------|--------------|---------------|--------------|
| Customer Segmentation | 4.09 | 4.02 | 3.85 |
| Strategic Planning | 4.02 | 3.95 | 3.89 |
| Mergers and Acquisitions | 4.03 | 3.94 | 3.72 |
| Core Competencies | 3.87 | 3.92 | 3.88 |
| Customer Relationship Management | 3.91 | 3.87 | 3.89 |
| Benchmarking | 3.93 | 4.02 | 3.67 |
| Total Quality Management | 3.80 | 3.81 | 3.83 |
| Mission and Vision Statements | 3.82 | 3.83 | 3.77 |
| Scenario and Contingency Planning | 3.90 | 3.79 | 3.73 |
| Supply Chain Management | 3.94 | 3.81 | 3.68 |
| Business Process Reengineering | 3.93 | 3.79 | 3.70 |
| Strategic Alliances | 3.88 | 3.78 | 3.74 |
| Growth Strategy Tools | 3.83 | 3.85 | 3.70 |
| Collaborative Innovation | 3.78 | 3.84 | 3.70 |
| Lean Operations | 3.88 | 3.73 | 3.66 |
| Offshoring | 3.81 | 3.71 | 3.62 |
| Outsourcing | 3.75 | 3.66 | 3.70 |
| Six Sigma | 3.86 | 3.80 | 3.49 |
| Shared Service Centers | 3.75 | 3.68 | 3.55 |
| Consumer Ethnography | 3.76 | 3.68 | 3.55 |
| Balanced Scorecard | 3.81 | 3.80 | 3.43 |
| Knowledge Management | 3.48 | 3.74 | 3.65 |
| Loyalty Management Tools | 3.63 | 3.74 | 3.55 |
| RFID | 3.55 | 3.80 | 3.46 |
| Corporate Blogs | 3.37 | 3.40 | 3.46 |

 Significantly higher satisfaction rate than other sized companies  Significantly lower satisfaction rate

- Several tools saw large decreases in satisfaction from 2004
 - RFID dropped from 11th to 24th
 - Offshoring from 7th to 16th
 - Supply Chain Management from 2nd to 11th

Satisfaction decreases since 2004

| | 2004 | 2006 | 2004 | 2006 |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>mean</u> | <u>mean</u> | <u>rank</u> | <u>rank</u> |
| • RFID | 3.90 | 3.55 | 11(t) | 24 |
| • Balanced Scorecard | 3.86 | 3.60 | 18(t) | 21 |
| • Six Sigma | 3.89 | 3.66 | 14(t) | 18 |
| • Offshoring | 3.93 | 3.70 | 7(t) | 16 |
| • Supply Chain Management | 3.99 | 3.77 | 2 | 11(t) |

- The odds of success vary widely for different tools. For example, 27% of those who use Customer Segmentation report that they are extremely satisfied with the tool, while only 7% say they are dissatisfied, creating a positive “satisfaction spread” of 20 points (27–7)
- At the bottom of the page are tools that dissatisfied almost as many users as they pleased
- Corporate Blogs and Balanced Scorecard have a negative spread—where the number of dissatisfied users outweighs those who are extremely satisfied

Satisfaction spreads

| | <u>Spread</u> | <u>% Extremely satisfied</u> | <u>% Dissatisfied</u> |
|-----------------------------------|---------------|------------------------------|-----------------------|
| Customer Segmentation | 20 | 27% | -7% |
| Mergers and Acquisitions | 19 | 28% | -9% |
| Strategic Planning | 19 | 26% | -7% |
| Total Quality Management | 15 | 23% | -8% |
| Core Competencies | 15 | 23% | -8% |
| Mission and Vision Statements | 14 | 26% | -12% |
| Customer Relationship Management | 14 | 21% | -7% |
| Scenario and Contingency Planning | 12 | 20% | -8% |
| Supply Chain Management | 11 | 20% | -9% |
| Lean Operations | 11 | 22% | -11% |
| Business Process Reengineering | 10 | 19% | -9% |
| Collaborative Innovation | 10 | 19% | -9% |
| Benchmarking | 10 | 17% | -7% |
| Offshoring | 10 | 24% | -14% |
| Strategic Alliances | 9 | 19% | -10% |
| Growth Strategy Tools | 9 | 18% | -9% |
| Six Sigma | 6 | 19% | -13% |
| Shared Service Centers | 5 | 19% | -14% |
| Consumer Ethnography | 5 | 16% | -11% |
| Outsourcing | 4 | 16% | -12% |
| Loyalty Management Tools | 4 | 15% | -11% |
| RFID | 3 | 14% | -11% |
| Knowledge Management | 1 | 17% | -16% |
| Balanced Scorecard | -1 | 11% | -12% |
| Corporate Blogs | -5 | 12% | -17% |

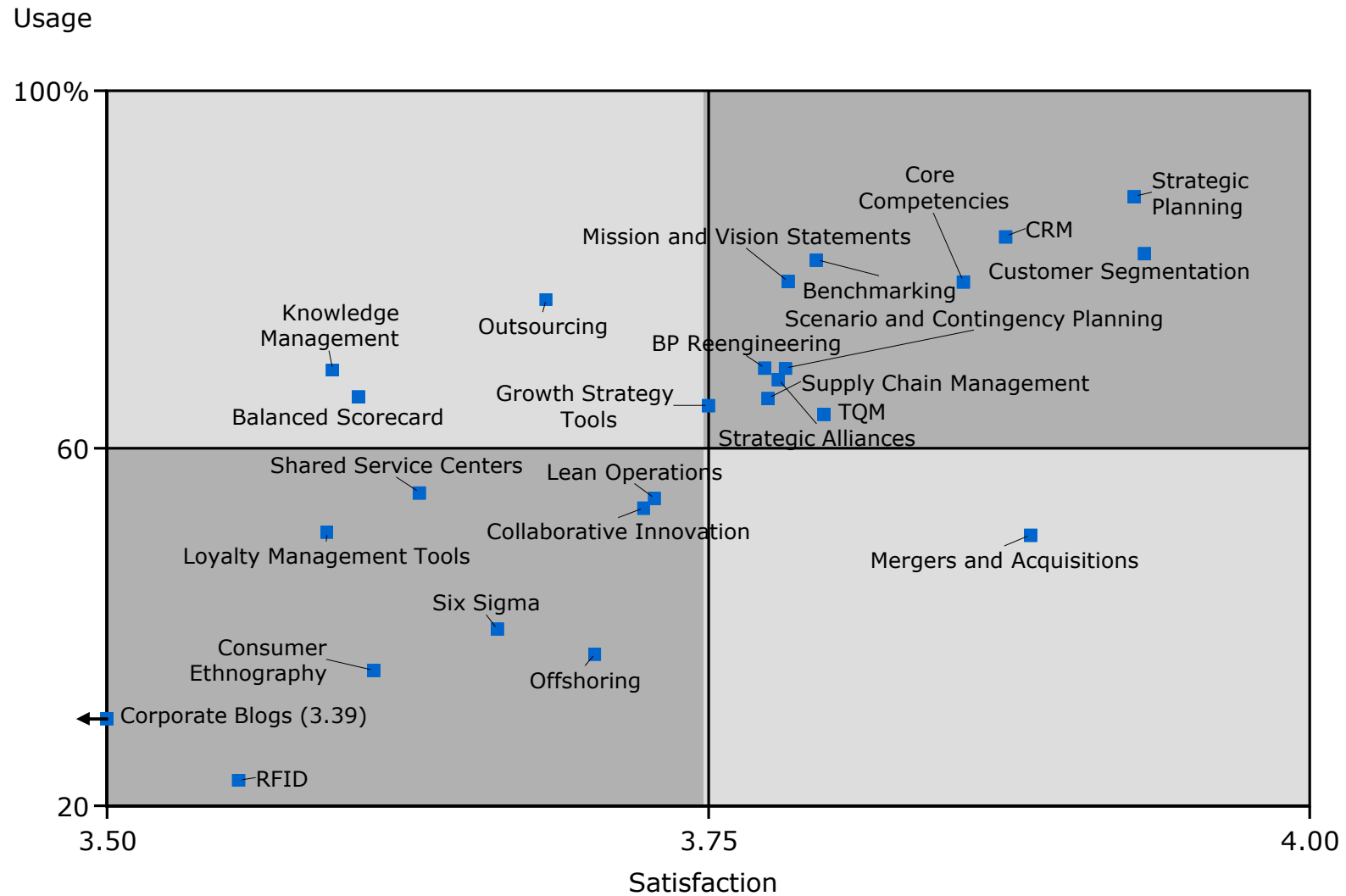
- Major efforts achieve better satisfaction scores than limited efforts do for all tools. Perhaps some tools should not be used on a limited basis at all
- For some tools, the differences are enormous. RFID ties for the highest satisfaction score when it is implemented as part of a major organizational effort. However, its satisfaction rate when used as part of a limited effort is 17th
- It is important to understand incremental benefits of pursuing a major versus minor effort with each of these tools before deciding which tools to use and how much effort will be devoted to implementing them

Major efforts achieve higher satisfaction

| | <u>Major effort score</u> | <u>Limited effort score</u> |
|-----------------------------------|---------------------------|-----------------------------|
| Customer Segmentation | 4.34 | 3.54 |
| RFID | 4.34 | 3.39 |
| Mergers and Acquisitions | 4.32 | 3.59 |
| Strategic Alliances | 4.28 | 3.49 |
| Consumer Ethnography | 4.26 | 3.35 |
| Lean Operations | 4.26 | 3.39 |
| Core Competencies | 4.25 | 3.47 |
| Mission and Vision Statements | 4.24 | 3.35 |
| Scenario and Contingency Planning | 4.23 | 3.54 |
| Six Sigma | 4.23 | 3.36 |
| Benchmarking | 4.21 | 3.53 |
| Collaborative Innovation | 4.20 | 3.51 |
| Strategic Planning | 4.19 | 3.57 |
| Corporate Blogs | 4.18 | 3.24 |
| Growth Strategy Tools | 4.18 | 3.46 |
| Customer Relationship Management | 4.17 | 3.53 |
| Total Quality Management | 4.15 | 3.48 |
| Knowledge Management | 4.14 | 3.33 |
| Loyalty Management | 4.12 | 3.35 |
| Offshoring | 4.11 | 3.49 |
| Supply Chain Management | 4.10 | 3.44 |
| Business Process Reengineering | 4.09 | 3.53 |
| Shared Service Centers | 4.02 | 3.32 |
| Balanced Scorecard | 4.00 | 3.38 |
| Outsourcing | 3.99 | 3.50 |

- The tools in the upper right quadrant are both heavily used and have satisfaction scores above the mean
- Three tools, Knowledge Management, Balanced Scorecard and Outsourcing, are heavily used but have satisfaction scores below the mean
- Mergers and Acquisitions is the only tool with below average usage and above average satisfaction
- The tools that performed the worst are in the bottom left quadrant. They include Corporate Blogs, RFID, Loyalty Management and Consumer Ethnography.

Usage and satisfaction



- We analyzed respondents' loyalty to each tool by calculating the percentage that stopped using the tool in 2006 after using it at least once in the past five years
- The tools with the highest defection rates are
 - Mergers and Acquisitions
 - Business Process Reengineering
 - Balanced Scorecard, Six Sigma and Mission and Vision Statements
- This year's defection rate dropped from 2004, when the mean defection rate was 5.7%
- Of course, managers might stop using a tool for many reasons:
 - The tool may have served its purpose, and no longer be required (as is likely with Mergers and Acquisitions)
 - The company's needs may have changed
 - The management team may be dissatisfied with the value they received from the tool

Defection rates in 2006

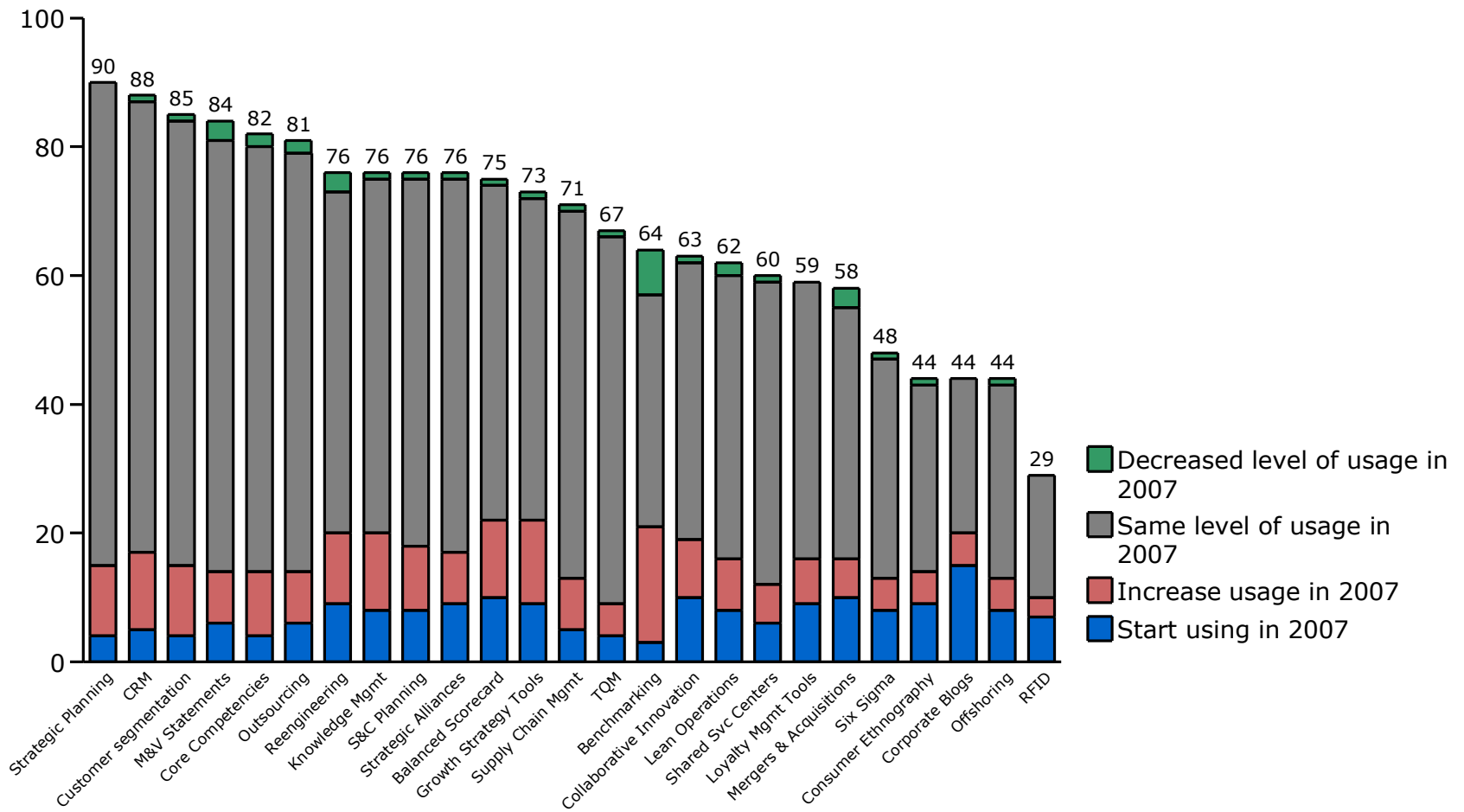
| | | |
|-----------------------------------|-----------|--------|
| Mergers and Acquisitions* | 6% | |
| Business Process Reengineering* | 5% | |
| Balanced Scorecard* | 4% | |
| Six Sigma* | 4% | |
| Mission and Vision Statements* | 4% | |
| Offshoring | 3% | |
| <u>Total Quality Management</u> | <u>3%</u> | Mean = |
| Collaborative Innovation | 2% | 2.1% |
| Consumer Ethnography | 2% | |
| Scenario and Contingency Planning | 2% | |
| Knowledge Management | 2% | |
| Outsourcing | 2% | |
| Strategic Alliances | 2% | |
| Shared Service Centers | 2% | |
| Lean Operations | 2% | |
| RFID | 1% | |
| Corporate Blogs | 1% | |
| Core Competencies | 1% | |
| Supply Chain Management* | 1% | |
| Growth Strategy Tools* | 1% | |
| Benchmarking* | 1% | |
| Customer Segmentation* | 1% | |
| Loyalty Management Tools* | 1% | |
| Strategic Planning* | 1% | |
| Customer Relationship Management* | 1% | |

*Denotes a tool that is significantly above/below the mean

- We asked executives how likely they are to use each tool in 2007 and compared that to their 2006 usage. The chart below shows the expected differences between the two years.
 - Companies who did not use the tool in 2006 but plan to use it in 2007 are identified as "Start"
 - Companies who used the tool as part of a limited effort in 2006 and plan to use it as part of a major effort in 2007 are identified as "Increased usage"
 - Companies who plan to continue using the tool at the same level as in 2006 (limited both years or major effort both years) are identified as "Same usage"
 - Companies who used the tool as part of a major effort in 2006 and plan to use it on a limited basis in 2007 are identified as "Decreased usage"
- The ranking of the top tools is likely to remain the same in 2007, however there are interesting changes among other tools
 - The tools that the largest percentage of companies plan to start using in 2007 are Corporate Blogs (15%), Balanced Scorecard (10%) and Collaborative Innovation (10%)
 - The tools whose level of usage will increase across the most companies are Benchmarking (19%), Balanced Scorecard (13%) and Growth Strategy Tools (13%)
 - Benchmarking is the only tool that more than 5% of companies plan to decrease their usage level from a major effort to a limited effort

Expected 2007 usage rates

Percent of Respondents



On the basis of our research to date, we offer four suggestions for the usage of tools:

- 1. Get the facts:** Every tool carries a set of strengths and weaknesses. Success requires understanding the full effects—and side effects—of each tool and then creatively combining the right ones in the right ways at the right times. Use the research. Talk to other tool users. Don't naively accept hyperbole and simplistic solutions.
- 2. Champion enduring strategies, not fleeting fads:** Line managers and tool gurus don't always have perfectly aligned agendas. Tool gurus may provoke stimulating discussions, but managers must manage. Managers who promote fleeting fads undermine employees' confidence that they can create needed change; such managers' programs are greeted with increasing skepticism. Executives would be better served by championing realistic, strategic directions and regarding the specific tools for getting there as ancillary.
- 3. Choose the best tools for the job:** Managers need a rational system for selecting, implementing and integrating the tools appropriate for their companies. A management tool will improve results only to the extent that it:
 - a. Discovers unmet customer needs;
 - b. Builds distinctive capabilities;
 - c. Exploits competitor vulnerabilities;
 - d. Develops breakthrough strategies by effectively integrating these accomplishments.
- 4. Adapt tools to your business system** (not vice versa).

Tool tips

- Get the facts
- Champion enduring strategies, not fleeting fads
- Choose the best tool for the job
- Adapt tools to your business system

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Appendix

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Balanced Scorecard

"Balanced Scorecard: Translates Mission and Vision Statements into quantifiable measures and gauges whether management is achieving desired results. Related Topics: Management by Objectives (MBO), Pay-for-Performance, Strategic Balance Sheet."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 66% (12th) | 3.60 (21st) | Global: | 66% | 3.60 | 4% |
| 2004: | 57% (13th) | 3.86 (18th) | N. America: | 62% | 3.80 | 8% |
| 2002: | 62% (16th) | 3.88 (8th) | Europe: | 63% | 3.82 | 6% |
| 2000: | 36% (14th) | 3.94 (5th) | Asia-Pacific: | 71% | 3.32 | 1% |
| 1999: | 40% (14th) | 3.84 (13th) | Latin America: | 60% | 4.02 | 5% |
| 1998: | 38% (19th) | 3.89 (13th) | Large companies (\$2B+): | 76% | 3.81 | 6% |
| 1997: | 46% (14th) | 3.94 (5th) | Medium companies (\$600M-2B): | 67% | 3.80 | 7% |
| 1996: | 39% (15th) | 3.81 (7th) | Small companies (<\$600M): | 60% | 3.43 | 2% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Wholesale, Distribution & Logistics; Retail
- Industries with highest satisfaction: Healthcare; CPG

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Benchmarking

"Benchmarking: Compares processes and performance with internal and external benchmarks. Companies incorporate identified best practices to meet improvement targets. Related topics: Best Demonstrated Practices, Competitor Profiles."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------------------|--------------------------|-------------------------------|---|--|----------------|
| 2006: | 81% (4th) | 3.80 (6 th) | Global: | 81% | 3.80 | 1% |
| 2004: | 73% (3rd) | 3.98 (3rd) | N. America: | 86% | 3.95 | 2% |
| 2002: | 84% (2nd) | 3.96 (6th) | Europe: | 88% | 4.03 | 1% |
| 2000: | 69% (3rd) | 3.89 (11th) | Asia-Pacific: | 74% | 3.45 | 1% |
| 1999: | 77% (3rd) | 3.89 (11th) | Latin America: | 84% | 4.07 | 0% |
| 1998: | 82% (2nd) | 3.99 (4th) | Large companies (\$2B+): | 90% | 3.93 | 2% |
| 1997: | 82% (1st) | 3.88 (11th) | Medium companies (\$600M-2B): | 81% | 4.02 | 2% |
| 1996: | 79% (3rd) | 3.93 (2nd) | Small companies (<\$600M): | 76% | 3.67 | 1% |
| 1995: | 76% (3 rd) | 3.80 (2 nd) | | | | |
| 1994: | 77% (3 rd) | 3.76 (6 th) | | | | |
| 1993: | 70% (6 th) | 3.70 (13 th) | | | | |

- Industries with highest percentage of usage: CPG; Pharma & Biotech; Media & Entertainment
- Industries with highest satisfaction: CPG; Mining, Chemicals & Metals

Significantly higher rate than other regions/company size

Significantly lower rate

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Business Process Reengineering

"Business Process Reengineering: Radically redesigns core business processes to achieve dramatic improvements in productivity, cycle times and quality. Related Topics: Cycle Time Reduction, Horizontal Organizations, Overhead Value Analysis, Process Redesign."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------------------|-------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 69% (8th) | 3.77 (11th) | Global: | 69% | 3.77 | 5% |
| 2004: | 61% (10th) | 3.90 (11th) | N. America: | 67% | 3.92 | 7% |
| 2002: | 54% (19th) | 3.75 (20th) | Europe: | 65% | 3.89 | 7% |
| 2000: | 38% (13th) | 3.85 (16th) | Asia-Pacific: | 76% | 3.59 | 2% |
| 1999: | 44% (12th) | 3.75 (21st) | Latin America: | 54% | 4.09 | 7% |
| 1998: | 58% (12th) | 3.81 (21st) | Large companies (\$2B+): | 74% | 3.93 | 6% |
| 1997: | 61% (8th) | 3.72 (21st) | Medium companies (\$600M-2B): | 67% | 3.79 | 6% |
| 1996: | 65% (7th) | 3.71 (18th) | Small companies (<\$600M): | 67% | 3.70 | 4% |
| 1995: | 69% (7th) | 3.61 (17th) | | | | |
| 1994: | 68% (6th) | 3.76 (7 th) | | | | |
| 1993: | 67% (7 th) | 3.81 (5 th) | | | | |

- Industries with highest percentage of usage: Retail; Healthcare; CPG
- Industries with highest satisfaction: Construction; CPG

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Collaborative Innovation

"Collaborative Innovation: Applies the principles of free trade to the marketplace for new ideas, enabling the laws of comparative advantage to drive the efficient allocation of R&D resources. Related topics: New Product Development, Open Innovation, Open-Market Innovation."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------|-------------------------------|---|--|----------------|
| 2006: | 53% (18th) | 3.72 (15th) | Global: | 53% | 3.72 | 2% |
| 2004* | 26% (23rd) | 3.70 (23rd) | N. America: | 58% | 3.93 | 4% |
| 2002: | - | - | Europe: | 47% | 3.91 | 4% |
| 2000: | - | - | Asia-Pacific: | 56% | 3.47 | 0% |
| 1999: | - | - | Latin America: | 41% | 3.74 | 5% |
| 1998: | - | - | Large companies (\$2B+): | 52% | 3.78 | 5% |
| 1997: | - | - | Medium companies (\$600M-2B): | 51% | 3.84 | 4% |
| 1996: | - | - | Small companies (<\$600M): | 57% | 3.70 | 1% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Healthcare; CPG
- Industries with highest satisfaction: Healthcare; Media & Entertainment

*Called "Open-Market Innovation"

Significantly higher rate than other regions/company size

Significantly lower rate

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Consumer Ethnography

"Consumer Ethnography: Trained researchers observe people and interview them where they live, work, play and shop. A detailed analysis of observations reveals consumer motivations and interactions with brands, and enable companies to discover new segments and design more satisfying offerings and more effective marketing campaigns. Related Topics: Corporate Anthropology, Observational research."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 35% (23rd) | 3.61 (20th) | Global: | 35% | 3.61 | 2% |
| 2004: | - | - | N. America: | 32% | 3.93 | 4% |
| 2002: | - | - | Europe: | 33% | 3.76 | 2% |
| 2000: | - | - | Asia-Pacific: | 42% | 3.31 | 1% |
| 1999: | - | - | Latin America: | 19% | 4.25 | 6% |
| 1998: | - | - | Large companies (\$2B+): | 36% | 3.76 | 2% |
| 1997: | - | - | Medium companies (\$600M-2B): | 38% | 3.68 | 2% |
| 1996: | - | - | Small companies (<\$600M): | 34% | 3.55 | 2% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Media and Entertainment; Healthcare
- Industries with highest satisfaction: Healthcare; CPG

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Core Competencies

"Core Competencies: Identifies and invests in special skills or technologies that create unique customer value. Related Topics: Core Capabilities, Key Success Factors."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 79% (5 th) | 3.86 (5 th) | Global: | 79% | 3.86 | 1% |
| 2004: | 65% (7 th) | 3.97 (4 th) | N. America: | 81% | 3.91 | 3% |
| 2002: | 75% (11 th) | 4.01 (3 rd) | Europe: | 80% | 4.02 | 0% |
| 2000: | 48% (10 th) | 3.83 (18 th) | Asia-Pacific: | 79% | 3.68 | 1% |
| 1999: | 50% (10 th) | 3.79 (17 th) | Latin America: | 63% | 4.12 | 2% |
| 1998: | 60% (11 th) | 3.88 (15 th) | Large companies (\$2B+): | 81% | 3.87 | 2% |
| 1997: | 61% (7 th) | 3.88 (12 th) | Medium companies (\$600M-2B): | 82% | 3.92 | 2% |
| 1996: | 69% (5 th) | 3.83 (6 th) | Small companies (<\$600M): | 77% | 3.88 | 1% |
| 1995: | 66% (9 th) | 3.75 (6 th) | | | | |
| 1994: | 60% (9 th) | 3.70 (11 th) | | | | |
| 1993: | 52% (11 th) | 3.60 (20 th) | | | | |

- Industries with highest percentage of usage: Healthcare; Pharma & Biotech
- Industries with highest satisfaction: Construction; Pharma & Biotech

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Corporate Blogs

"Corporate Blogs: A blog (short for weblog) is a website where communities of users create the content by sharing information with each other. A corporate blog is managed by company employees to post information about the company and its products for public consumption. Related Topics: Online communities, Viral marketing."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------|-------------------------------|---|--|----------------|
| 2006: | 30% (24th) | 3.39 (25th) | Global: | 30% | 3.39 | 1% |
| 2004: | - | - | N. America: | 32% | 3.56 | 2% |
| 2002: | - | - | Europe: | 20% | 3.37 | 2% |
| 2000: | - | - | Asia-Pacific: | 39% | 3.27 | 1% |
| 1999: | - | - | Latin America: | 5% | 4.20 | 0% |
| 1998: | - | - | Large companies (\$2B+): | 29% | 3.37 | 2% |
| 1997: | - | - | Medium companies (\$600M-2B): | 28% | 3.40 | 2% |
| 1996: | - | - | Small companies (<\$600M): | 29% | 3.46 | 1% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Tech and Telcom; Services
- Industries with highest satisfaction: Transportation, Energy & Gas; Financial Services

Significantly higher rate than other regions/company size

Significantly lower rate

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Customer Relationship Management (CRM)

"Customer Relationship Management: Collects data about customers to optimize marketing, sales and service processes to increase customer value. Related Topics: Collaborative Commerce, Customer Retention, Customer Segmentation, Customer Surveys, Loyalty Management."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 84% (2 nd) | 3.87 (4 th) | Global: | 84% | 3.87 | 1% |
| 2004: | 75% (2 nd) | 3.91 (9 th) | N. America: | 84% | 3.91 | 1% |
| 2002: | 78% (7 th) | 3.81 (13 th) | Europe: | 85% | 4.07 | 0% |
| 2000: | 35% (15 th) | 3.67 (22 nd) | Asia-Pacific: | 86% | 3.71 | 0% |
| 1999: | - | - | Latin America: | 67% | 4.04 | 2% |
| 1998: | - | - | Large companies (\$2B+): | 87% | 3.91 | 1% |
| 1997: | - | - | Medium companies (\$600M-2B): | 82% | 3.87 | 1% |
| 1996: | - | - | Small companies (<\$600M): | 83% | 3.89 | 0% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Pharma & Biotech; Tech & Telecom; Healthcare
- Industries with highest satisfaction: Wholesale, Distribution & Logistics; Transportation, Energy & Gas

☐ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Customer Segmentation

"Customer Segmentation: Subdivides markets into discrete customer groups that share similar characteristics in order to develop tailored product offerings or marketing programs. Related Topics: Customer Surveys, Factor/Cluster Analysis, Market Segmentation, One-to-One Marketing."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 82% (3rd) | 3.93 (1st) | Global: | 82% | 3.93 | 1% |
| 2004: | 72% (5th) | 3.97 (4 th) | N. America: | 77% | 4.04 | 1% |
| 2002: | 79% (4 th) | 4.01 (4 th) | Europe: | 88% | 4.19 | 1% |
| 2000: | 51% (9 th) | 3.99 (3rd) | Asia-Pacific: | 82% | 3.65 | 4% |
| 1999: | 52% (9 th) | 3.94 (8 th) | Latin America: | 82% | 4.18 | — |
| 1998: | 60% (9 th) | 3.87 (17 th) | Large companies (\$2B+): | 85% | 4.09 | 1% |
| 1997: | - | - | Medium companies (\$600M-2B): | 81% | 4.02 | 3% |
| 1996: | - | - | Small companies (<\$600M): | 80% | 3.85 | 1% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Media & Entertainment; Mining, Chem. & Metals
- Industries with highest satisfaction: Construction; Financial Services; CPG

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Growth Strategy Tools

"Growth Strategy Tools: Used to identify and direct resources toward opportunities for profitable growth.
 Related Topics: Adjacency Expansion, Managing Innovation, Market Migration Analysis."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 65% (14th) | 3.75 (13th) | Global: | 65% | 3.75 | 1% |
| 2004: | 62% (9th) | 3.91 (9 th) | N. America: | 67% | 3.86 | 1% |
| 2002: | 78% (9 th) | 3.82 (12 th) | Europe: | 65% | 3.90 | 2% |
| 2000: | 55% (6 th) | 3.78 (20th) | Asia-Pacific: | 61% | 3.48 | 1% |
| 1999: | 55% (9 th) | 3.82 (16 th) | Latin America: | 73% | 4.17 | 2% |
| 1998: | 63% (7 th) | 3.93 (10 th) | Large companies (\$2B+): | 73% | 3.83 | 1% |
| 1997: | 55% (10 th) | 3.85 (15 th) | Medium companies (\$600M-2B): | 73% | 3.85 | 1% |
| 1996: | 55% (10 th) | 3.77 (13 th) | Small companies (<\$600M): | 59% | 3.70 | 1% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Mining, Chemical & Metals; Pharma & Biotech
- Industries with highest satisfaction: Retail; Construction; Wholesale, Distribution & Logistics

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Knowledge Management

"Knowledge Management: Develops systems and processes to capture and share a company's intellectual assets. Related Topics: Groupware, Intellectual Capital Management, Learning Organization, Managing Innovation."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|---|--|----------------|
| 2006: | 69% (8th) | 3.59 (22nd) | Global: | 69% | 3.59 | 2% |
| 2004: | 54% (15th) | 3.73 (22nd) | N. America: | 66% | 3.65 | 5% |
| 2002: | 62% (15 th) | 3.63 (23rd) | Europe: | 65% | 3.64 | 2% |
| 2000: | 32% (19 th) | 3.61 (23rd) | Asia-Pacific: | 75% | 3.49 | 0% |
| 1999: | 30% (18th) | 3.43 (25 th) | Latin America: | 54% | 3.83 | 0% |
| 1998: | 33% (23rd) | 3.63 (25 th) | Large companies (\$2B+): | 69% | 3.48 | 3% |
| 1997: | 30% (21st) | 3.58 (25 th) | Medium companies (\$600M-2B): | 72% | 3.74 | 2% |
| 1996: | 28% (21st) | 3.48 (23rd) | Small companies (<\$600M): | 67% | 3.65 | 1% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Pharma & Biotech; Healthcare
- Industries with highest satisfaction: Services; Financial Services

Significantly higher rate than other regions/company size

Significantly lower rate

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Lean Operations

"Lean Operations: Both a methodology and a philosophy that focus on eliminating waste and reducing the time between a customer's order and deliver. Related Topics: Lean Consumption, Lean Manufacturing, Lean Six Sigma."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------|-------------------------------|---|--|----------------|
| 2006: | 54% (17th) | 3.73 (14th) | Global: | 54% | 3.73 | 2% |
| 2004: | - | - | N. America: | 59% | 3.87 | 3% |
| 2002: | - | - | Europe: | 52% | 3.85 | 2% |
| 2000: | - | - | Asia-Pacific: | 56% | 3.51 | 0% |
| 1999: | - | - | Latin America: | 33% | 4.11 | 3% |
| 1998: | - | - | Large companies (\$2B+): | 62% | 3.88 | 3% |
| 1997: | - | - | Medium companies (\$600M-2B): | 59% | 3.73 | 2% |
| 1996: | - | - | Small companies (<\$600M): | 49% | 3.66 | 1% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Mining, Chemical & Metals; CPG
- Industries with highest satisfaction: Construction; CPG; Retail

Significantly higher rate than other regions/company size

Significantly lower rate

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Loyalty Management Tools

"Loyalty Management Tools: Used to grow a business's revenues and profits by improving retention among its customers, employees and investors. Quantifiably links financial results to changes in retention rates. Related Topics: Customer and employee surveys, Customer Loyalty and Retention, Net Promoter Scores."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 51% (19th) | 3.59 (22nd) | Global: | 51% | 3.59 | 1% |
| 2004: | 40% (19 th) | 3.67 (25 th) | N. America: | 44% | 3.74 | 3% |
| 2002: | - | - | Europe: | 52% | 3.74 | 1% |
| 2000: | - | - | Asia-Pacific: | 59% | 3.41 | 0% |
| 1999: | - | - | Latin America: | 30% | 3.85 | 0% |
| 1998: | - | - | Large companies (\$2B+): | 53% | 3.63 | 1% |
| 1997: | - | - | Medium companies (\$600M-2B): | 56% | 3.74 | 0% |
| 1996: | - | - | Small companies (<\$600M): | 47% | 3.55 | 2% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Media and Entertainment; Retail; CPG
- Industries with highest satisfaction: Retail; Services

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Mergers and Acquisitions

"Mergers and Acquisitions: Acquisitions occur when a larger company takes over a smaller one; a merger typically involves two relative equals joining forces and creating a new company. Related Topics: Merger Integration Teams, Strategic Alliances."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 50% (20th) | 3.88 (3rd) | Global: | 50% | 3.88 | 6% |
| 2004: | - | - | N. America: | 56% | 3.99 | 8% |
| 2002: | - | - | Europe: | 60% | 4.06 | 7% |
| 2000: | - | - | Asia-Pacific: | 41% | 3.56 | 4% |
| 1999: | - | - | Latin America: | 43% | 4.23 | 5% |
| 1998: | - | - | Large companies (\$2B+): | 73% | 4.03 | 5% |
| 1997: | - | - | Medium companies (\$600M-2B): | 60% | 3.94 | 9% |
| 1996: | - | - | Small companies (<\$600M): | 35% | 3.72 | 7% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Mining, Chemicals and Metals; Media & Ent.; CPG
- Industries with highest satisfaction: Wholesale, Distribution & Logistics; Pharma & Biotech

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Mission and Vision Statements

"Mission and Vision Statements: Codify definitions of a company's business, objectives, approach and desired future position. Related Topics: Corporate Value Statements, Culture Transformation, Strategic Planning."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 79% (5th) | 3.78 (8th) | Global: | 79% | 3.78 | 4% |
| 2004: | 72% (5 th) | 3.87 (16 th) | N. America: | 83% | 3.78 | 6% |
| 2002: | 84% (3 rd) | 3.74 (21 st) | Europe: | 76% | 3.93 | 4% |
| 2000: | 70% (2 nd) | 3.94 (6 th) | Asia-Pacific: | 76% | 3.58 | 1% |
| 1999: | 79% (2 nd) | 3.99 (4 th) | Latin America: | 79% | 4.31 | 9% |
| 1998: | 74% (4 th) | 3.93 (11 th) | Large companies (\$2B+): | 85% | 3.82 | 3% |
| 1997: | 78% (3 rd) | 3.84 (16 th) | Medium companies (\$600M-2B): | 76% | 3.83 | 6% |
| 1996: | 82% (2 nd) | 3.81 (8 th) | Small companies (<\$600M): | 78% | 3.77 | 4% |
| 1995: | 84% (1 st) | 3.79 (4 th) | | | | |
| 1994: | 86% (1 st) | 3.80 (3 rd) | | | | |
| 1993: | 88% (1 st) | 3.90 (2 nd) | | | | |

- Industries with highest percentage of usage: Healthcare; Mining, Chemicals & Metal
- Industries with highest satisfaction: Wholesale, Distribution & Logistics; Construction

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Offshoring

"Offshoring: Relocates some of a company's operations to another country. Related Topics: Core Competencies, Cost Migration, Outsourcing."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|-------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 37% (22nd) | 3.70 (16th) | Global: | 37% | 3.70 | 3% |
| 2004: | 33% (22nd) | 3.93 (7 th) | N. America: | 51% | 3.75 | 5% |
| 2002: | - | - | Europe: | 42% | 3.88 | 1% |
| 2000: | - | - | Asia-Pacific: | 30% | 3.47 | 3% |
| 1999: | - | - | Latin America: | 8% | 4.17 | 0% |
| 1998: | - | - | Large companies (\$2B+): | 54% | 3.81 | 2% |
| 1997: | - | - | Medium companies (\$600M-2B): | 43% | 3.71 | 3% |
| 1996: | - | - | Small companies (<\$600M): | 26% | 3.62 | 5% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Pharma & Biotech; Financial Services
- Industries with highest satisfaction: Healthcare; CPG

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Outsourcing

"Outsourcing: Uses third parties to perform non-core business activities. Related Topics: Core Capabilities, Strategic Alliances, Value Chain Analysis."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 77% (7th) | 3.68 (17th) | Global: | 77% | 3.68 | 2% |
| 2004: | 73% (3rd) | 3.89 (14 th) | N. America: | 74% | 3.71 | 3% |
| 2002: | 78% (5 th) | 3.84 (10 th) | Europe: | 80% | 3.78 | 1% |
| 2000: | 63% (4 th) | 3.80 (19 th) | Asia-Pacific: | 75% | 3.57 | 1% |
| 1999: | 62% (5 th) | 3.79 (18 th) | Latin America: | 82% | 3.78 | 4% |
| 1998: | 71% (6 th) | 3.89 (14 th) | Large companies (\$2B+): | 84% | 3.75 | 0% |
| 1997: | - | - | Medium companies (\$600M-2B): | 75% | 3.66 | 3% |
| 1996: | - | - | Small companies (<\$600M): | 74% | 3.70 | 2% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Pharma & Biotech; Healthcare; Media & Entertainment
- Industries with highest satisfaction: Services; Healthcare

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Radio Frequency Identification (RFID)

"Radio Frequency Identification (RFID): Uses radio waves to identify objects and read data. Related Topics: Automatic Identification, Electronic Article Surveillance, Electronic Product Codes, Supply Chain Management."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 23% (25th) | 3.55 (24th) | Global: | 23% | 3.55 | 1% |
| 2004: | 13% (25th) | 3.90 (11 th) | N. America: | 24% | 3.76 | 1% |
| 2002: | - | - | Europe: | 19% | 3.69 | 2% |
| 2000: | - | - | Asia-Pacific: | 26% | 3.30 | 1% |
| 1999: | - | - | Latin America: | 13% | 4.09 | 8% |
| 1998: | - | - | Large companies (\$2B+): | 26% | 3.55 | 0% |
| 1997: | - | - | Medium companies (\$600M-2B): | 29% | 3.80 | 3% |
| 1996: | - | - | Small companies (<\$600M): | 19% | 3.46 | 2% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: CPG; Healthcare; Retail
- Industries with highest satisfaction: Tech & Telecom; Healthcare

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Scenario and Contingency Planning

"Scenario and Contingency Planning: Involves raising and testing various "what-if" scenarios. Related Topics: Crisis Management, Disaster Recovery, Groupthink, Real Options Analysis, Simulation Models."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 69% (8th) | 3.78 (8th) | Global: | 69% | 3.78 | 2% |
| 2004: | 54% (15th) | 3.90 (11 th) | N. America: | 72% | 3.87 | 4% |
| 2002: | 70% (12 th) | 3.81 (14 th) | Europe: | 74% | 3.90 | 1% |
| 2000: | 35% (16 th) | 3.86 (15 th) | Asia-Pacific: | 64% | 3.61 | 1% |
| 1999: | 28% (20 th) | 3.90 (10 th) | Latin America: | 72% | 3.91 | 0% |
| 1998: | 35% (22 nd) | 3.78 (22 nd) | Large companies (\$2B+): | 79% | 3.90 | 1% |
| 1997: | 35% (19 th) | 3.78 (18 th) | Medium companies (\$600M-2B): | 74% | 3.79 | 2% |
| 1996: | 35% (18 th) | 3.69 (19 th) | Small companies (<\$600M): | 63% | 3.73 | 2% |
| 1995: | 39% (17 th) | 3.53 (21 st) | | | | |
| 1994: | 44% (15 th) | 3.59 (19 th) | | | | |
| 1993: | 38% (16 th) | 3.68 (15 th) | | | | |

- Industries with highest percentage of usage: Healthcare; Transportation, Energy & Gas
- Industries with highest satisfaction: Transportation, Energy & Gas; Wholesale, Distribution & Logistics

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Shared Service Centers

"Shared Service Centers: Method of reducing costs through consolidating one or more back-office operations used by multiple divisions of the same company – such as finance, information technology, customer service and human resources – into a shared operation."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------|--------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 55% (16th) | 3.63 (19th) | Global: | 55% | 3.63 | 2% |
| 2004: | - | - | N. America: | 51% | 3.81 | 3% |
| 2002: | - | - | Europe: | 51% | 3.72 | 2% |
| 2000: | - | - | Asia-Pacific: | 61% | 3.43 | 0% |
| 1999: | - | - | Latin America: | 51% | 3.90 | 2% |
| 1998: | - | - | Large companies (\$2B+): | 68% | 3.75 | 2% |
| 1997: | - | - | Medium companies (\$600M-2B): | 56% | 3.68 | 1% |
| 1996: | - | - | Small companies (<\$600M): | 46% | 3.55 | 2% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Healthcare; Mining, Chemicals & Metals
- Industries with highest satisfaction: Transportation, Energy & Gas; Tech & Telecom; Services

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Six Sigma

"Six Sigma: Constantly measures and analyzes data on the variables in any process, then use statistical techniques to understand what improvements will drive down defects. Requires the delivery of defect-free products or services 99.9997% of the time. Related Topics: Lean Manufacturing, Statistical Process Control, TQM."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 40% (21st) | 3.66 (18th) | Global: | 40% | 3.66 | 4% |
| 2004: | 34% (21 st) | 3.89 (14 th) | N. America: | 40% | 3.87 | 8% |
| 2002: | - | - | Europe: | 28% | 3.75 | 7% |
| 2000: | - | - | Asia-Pacific: | 48% | 3.44 | 0% |
| 1999: | - | - | Latin America: | 30% | 4.31 | 4% |
| 1998: | - | - | Large companies (\$2B+): | 46% | 3.86 | 4% |
| 1997: | - | - | Medium companies (\$600M-2B): | 43% | 3.80 | 7% |
| 1996: | - | - | Small companies (<\$600M): | 35% | 3.49 | 3% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: Mining, Chemicals & Metals; Healthcare
- Industries with highest satisfaction: Construction; Mining, Chemicals & Metals

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Strategic Alliances

"Strategic Alliances: Create agreements between firms in which each commits resources to achieve a common set of objectives. Related Topics: Corporate Venturing, Joint Ventures, Value-Managed Relationships, Virtual Organizations."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 68% (11th) | 3.78 (8th) | Global: | 68% | 3.78 | 2% |
| 2004: | 63% (8th) | 3.95 (6 th) | N. America: | 75% | 3.86 | 2% |
| 2002: | 69% (13 th) | 3.80 (18 th) | Europe: | 66% | 4.00 | 2% |
| 2000: | 53% (7 th) | 3.74 (21 st) | Asia-Pacific: | 66% | 3.57 | 1% |
| 1999: | 53% (8 th) | 3.73 (23 rd) | Latin America: | 56% | 3.92 | 2% |
| 1998: | 60% (10 th) | 3.88 (16 th) | Large companies (\$2B+): | 72% | 3.88 | 2% |
| 1997: | 60% (9 th) | 3.96 (4 th) | Medium companies (\$600M-2B): | 71% | 3.78 | 3% |
| 1996: | 61% (9 th) | 3.73 (15 th) | Small companies (<\$600M): | 66% | 3.74 | 1% |
| 1995: | 68% (8 th) | 3.74 (7 th) | | | | |
| 1994: | 68% (8 th) | 3.72 (9 th) | | | | |
| 1993: | 62% (8 th) | 3.70 (14 th) | | | | |

- Industries with highest percentage of usage: Pharma & Biotech; Media & Entertainment
- Industries with highest satisfaction: Construction; Tech & Telecom

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Strategic planning

"Strategic planning: involves a comprehensive process for determining what a business should become and how to allocate scarce resources to achieve that objective. Related topics: core competencies, mission and vision statements, scenario and contingency planning."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|------------------------|-------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 88% (1 st) | 3.93 (1 st) | Global: | 88% | 3.93 | 1% |
| 2004: | 79% (1 st) | 4.14 (1 st) | N. America: | 90% | 4.01 | 1% |
| 2002: | 89% (1 st) | 4.04 (2 nd) | Europe: | 90% | 4.05 | 1% |
| 2000: | 76% (1 st) | 4.06 (2 nd) | Asia-Pacific: | 85% | 3.71 | 0% |
| 1999: | 81% (1 st) | 4.02 (3 rd) | Latin America: | 91% | 4.23 | 2% |
| 1998: | 84% (1 st) | 4.11 (1 st) | Large companies (\$2B+): | 93% | 4.02 | 1% |
| 1997: | 80% (2 nd) | 4.04 (1 st) | Medium companies (\$600M-2B): | 92% | 3.95 | 2% |
| 1996: | 83% (1 st) | 3.99 (1 st) | Small companies (<\$600M): | 85% | 3.89 | 1% |
| 1995: | N/A | N/A | | | | |
| 1994: | N/A | N/A | | | | |
| 1993: | N/A | N/A | | | | |

- Industries with highest percentage of usage: Pharma & Biotech; Mining, Chemicals & Metals
- Industries with highest satisfaction: Retail; Construction; Services

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Supply Chain Management

"Supply Chain Management: Synchronizes the efforts of multiple parties – suppliers, manufacturers, distributors, dealers and customers – to enable the seamless exchange of information, goods and services across organizational boundaries. Related Topics: Borderless Corporation, Collaborative Commerce, Calue Chain Analysis."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 66% (12th) | 3.77 (11th) | Global: | 66% | 3.77 | 1% |
| 2004: | 56% (14th) | 3.99 (2nd) | N. America: | 62% | 3.87 | 1% |
| 2002: | 52% (20 th) | 3.80 (16 th) | Europe: | 60% | 3.96 | 1% |
| 2000: | 32% (18 th) | 3.85(17th) | Asia-Pacific: | 73% | 3.60 | 1% |
| 1999: | 31% (17 th) | 3.88 (12th) | Latin America: | 60% | 3.88 | 6% |
| 1998: | - | - | Large companies (\$2B+): | 75% | 3.94 | 1% |
| 1997: | - | - | Medium companies (\$600M-2B): | 64% | 3.81 | 1% |
| 1996: | - | - | Small companies (<\$600M): | 61% | 3.68 | 2% |
| 1995: | - | - | | | | |
| 1994: | - | - | | | | |
| 1993: | - | - | | | | |

- Industries with highest percentage of usage: CPG; Mining, Chemicals & Metals
- Industries with highest satisfaction: Retail; Wholesale, Distribution & Logistics

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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Total Quality Management (TQM)

"Total Quality Management: Marries customer performance requirements to product and service specifications with the goal of producing with zero defects. Related Topics: Continuous Improvement, Malcolm Baldrige National Quality Award, Quality Assurance, Six Sigma."

| | Usage | Satisfaction | | 2006 Usage | 2006 Satisfaction | 2006 Defection |
|-------|-------------------------|--------------------------|-------------------------------|------------|-------------------|----------------|
| 2006: | 64% (15th) | 3.80 (6th) | Global: | 64% | 3.80 | 3% |
| 2004: | 61% (10th) | 3.93 (7th) | N. America: | 51% | 3.83 | 6% |
| 2002: | 57% (18 th) | 3.80 (17th) | Europe: | 60% | 3.87 | 3% |
| 2000: | 41% (11 th) | 3.89 (13th) | Asia-Pacific: | 74% | 3.67 | 1% |
| 1999: | 49% (11 th) | 3.95 (7th) | Latin America: | 68% | 4.24 | 3% |
| 1998: | 61% (8 th) | 3.94 (9 th) | Large companies (\$2B+): | 58% | 3.80 | 3% |
| 1997: | 62% (6 th) | 3.78 (19 th) | Medium companies (\$600M-2B): | 72% | 3.81 | 3% |
| 1996: | 66% (6 th) | 3.73 (16 th) | Small companies (<\$600M): | 64% | 3.83 | 3% |
| 1995: | 73% (4 th) | 3.69 (9 th) | | | | |
| 1994: | 72% (4 th) | 3.71 (10 th) | | | | |
| 1993: | 72% (3 rd) | 3.78 (8 th) | | | | |

- Industries with highest percentage of usage: CPG; Mining, Chemicals & Metals
- Industries with highest satisfaction: Construction; Mining, Chemicals & Metals

□ Significantly higher rate than other regions/company size

○ Significantly lower rate

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2007 Survey of Management Tools & Trends

- If you are a corporate executive, please check this box and provide survey answers related to your corporation as a whole.**
- If you are a division head, please check this box and provide survey answers related to your division.**

**All responses will be kept completely
confidential and used only in aggregate.
No company names will be linked to
specific responses.**

I. Use of tools

The purpose of this section is to understand your organization's use of management tools and techniques. To record your answers, please check the appropriate box(es) in the grid below.

- 1a.** Within the last five years (2002-2006), which of the following techniques have been used by your current employer?
- 1b.** In the past year (2006), which of the 25 techniques listed has your organization used? Please indicate whether the technique was *not used at all*, was used on a *limited or trial basis*, or was a *major organizational effort*.
- 1c.** To what extent do you think your organization will use each technique in 2007? Please indicate whether you think it is *not likely to be used at all*, it will be used on a *limited or trial basis*, or it will be a *major organizational effort*. Please note whether or not you have used each technique in the past.

II. Overall satisfaction with tools

For this next section, please answer only for those techniques that your company has used in the past five years. Also, in thinking about your satisfaction, consider both the benefits achieved and all costs associated with using each technique.

- 2.** How satisfied was your organization with the overall results achieved through the usage of each technique? Please use the following scale: *extremely satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, or extremely dissatisfied*.

Tools and techniques

| | Q. 1a Tool usage past 5 Years <i>(current employer only)</i> | | | | Q. 1b Tool usage 2006 | | | Q. 1c Expected 2007 tool usage | | | Q. 2 Satisfaction with tools <i>(Answer only for those tools used in the past 5 years.)</i> | | |
|-----------------------------------|--|--------------------------|--------------------------|--------------------------|---------------------------------|--------------------------|--------------------------|--|--------------------------|---------------------------------------|--|--------------------------|--|
| | Used in past 5 years | Not used at all | Limited basis | Major effort | Not likely to use at all | Limited basis | Major effort | Extremely satisfied | Somewhat satisfied | Neither satisfied nor dissatisfied | Somewhat dissatisfied | Extremely dissatisfied | |
| Balanced Scorecard | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Benchmarking | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Business Process Reengineering | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Collaborative Innovation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Consumer Ethnography | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Core Competencies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Corporate Blogs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Customer Relationship Management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Customer Segmentation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Growth Strategy Tools | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Knowledge Management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Lean Operations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Loyalty Management Tools | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Mergers and Acquisitions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Mission and Vision Statements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Offshoring | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Outsourcing | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| RFID | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Scenario and Contingency Planning | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Shared Service Centers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Six Sigma | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Strategic Alliances | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Strategic Planning | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Supply Chain Management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Total Quality Management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Other _____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

III. Management trends

The purpose of this section is to understand your organization’s needs and priorities for management tools. There are no right or wrong answers. We are interested in your opinions.

3. How strongly do you agree or disagree with how well each statement describes your organization or your organization's beliefs? Please check the appropriate box to indicate whether you *strongly agree...strongly disagree* with the statement as a description of your organization.

| | Strongly agree | Somewhat agree | Neither agree nor disagree | Somewhat disagree | Strongly disagree |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Our current capabilities are not sufficient to achieve our financial objectives | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cross-border acquisitions will be critical to achieving our growth objectives in the next 5 yrs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| We rarely achieve expected paybacks from our IT investments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Insufficient customer insight is hurting our performance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| We know customer loyalty is important, but don't know how to profitably improve it | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| We could dramatically boost innovation by collaborating with outsiders, even competitors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Innovation is more important than cost reduction for our long-term success | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| A growing percentage of our products and services behave like commodities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Our company would deliver better long-term results as a privately-owned firm | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Unclear decision making authority is hurting our performance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Working with China and India will be vital to our success over the next 5 years | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| We do not adequately customize our offerings to local markets | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| We are planning for an economic slowdown over the next 12 months | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I would rather work at a privately-owned company than a public company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Culture is as important as strategy for business success | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Our core business is running out of steam, and needs new capabilities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Consolidating and sharing back office operations improves both costs and quality | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Environmentally-friendly products and practices are an important part of our mission | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| We wait too long before divesting businesses that hinder our performance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Information technology can create significant competitive advantages | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

IV. Demographics

This section is for classification purposes only. All responses will remain completely confidential and will be used only in aggregate. Please be assured that specific answers will never be attached to individual companies.

- 4a.** Please record your company's basic business statistics under the first column. If you are responsible for a division, record the statistics for that division under the second column.

| | <u>Corporate Statistics</u> | <u>Division Statistics</u> |
|---------------------------|-----------------------------|----------------------------|
| • 2006 sales: | | |
| Less than \$600MM | <input type="checkbox"/> | <input type="checkbox"/> |
| \$600MM to less than \$2B | <input type="checkbox"/> | <input type="checkbox"/> |
| \$2B or more | <input type="checkbox"/> | <input type="checkbox"/> |
| • 2006 assets: | | |
| Less than \$1B | <input type="checkbox"/> | <input type="checkbox"/> |
| \$1B to less than \$20B | <input type="checkbox"/> | <input type="checkbox"/> |
| \$20B or more | <input type="checkbox"/> | <input type="checkbox"/> |

- 4b.** Describe the industry your organization is in, both at the corporate level and at the division level, if appropriate.

Corporate: _____

Division: _____

- 4c.** What is your title? _____

- 4d.** Would you be willing to participate in a follow-up discussion on this topic?

Yes No

Please staple a business card or record the information below so that we may send you the results from the survey.

Company name: _____

Division: _____

Name of respondent: _____

Mailing address: _____

Country: _____

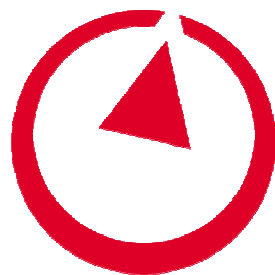
Zip/Postal code: _____

Business telephone: _____

E-mail address: _____

Thank you very much for your help with this important project.

BAIN & COMPANY



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