

Monday Morning

April 28, 2008

ONE EIGHTY

Upcoming 2008 Events

- CAM-I Second Quarter Meeting
Baltimore
June 9-12
- The Performance Institute
ABC in Government
Arlington VA
August 8

People in the News

- Congratulations to Stephan Chase and Marriott Hotels for being recognized by the APQC as Best Practice in the area of Process Measures and Analytics

The Gulfstream Must Go

The year was 1982. Oil prices were \$35/barrel, rising, and in short supply. Like today, the oil and gas business was booming.

Business was good enough for an oil service company to purchase a Gulfstream private jet, the Rolls Royce of corporate aircraft.

By May of 1986 West Texas crude is less than \$10/barrel and declining. The good 'ole times in oil and gas are over. The Board asks for the Business Case to justify keeping the jet.

The advantage of a corporate jet is privacy, convenience, and security. This is especially true in the oil business where oil fields and oil and gas drilling and production operations are not always near the major airports served by commercial airlines.

Traveling together, corporate officers and senior operating personnel could review and discuss strategies and goals, new product ideas, new technologies,

sales and marketing opportunities, and actions of competitors.

The Gulfstream operated a fixed published schedule with regular flights between each of the dozen or so operations located near or adjacent to oil and gas producing properties, saving hundreds of thousands of dollars previously spent on commercial airfare.

Travel times were reduced substantially. Meetings normally conducted in the office during the day were rescheduled to coincide with airplane travel.

The fact was that senior managers were using their jet time productively. Communications between Business Units improved significantly and management actions were more focused and coordinated.

Keep in mind that not a single person in this Fortune 500 Company had an e-mail address in 1986 and the principal method of transmitting material was by facsimile. Web meetings, mobile

telephones, and even conference calling, were all in their infancy.

The Business Case for keeping the jet goes to the Board justified on the basis of productivity, competitiveness, cost, and better informed decision making.

Then one of the Board members says "Mr. Chairman, you're not putting all our corporate officers and senior operating personnel on the same jet are you?"

You may be able to justify the plane on the basis of productivity and better decision making but if that jet goes down with officers and senior managers on board, I don't think this company could recover. *The risk is too great.*"

There is a component of risk in every decision and in every recommendation we make. What's often absent is failure to identify and consider risk.

Make it a habit to consider risk in all your recommendations...

John A. Miller

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