

Impacting Corporate Decision Making

*Introduction to the Session on New
Challenges in Process Operations*

FOCAPO -2003

by

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Outline

- Conference Theme
- Challenges with Making it Happen
- Possible Solutions

Conference Theme

“Integration” of Supply Chain, R&D & Operations

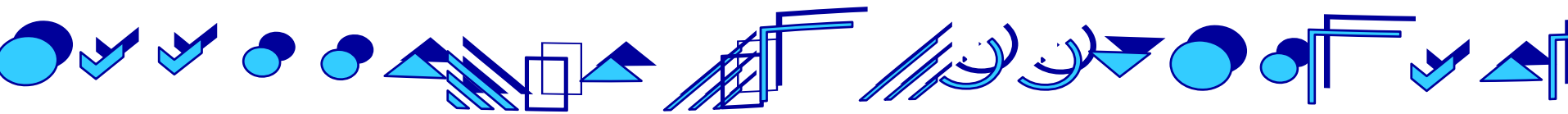
- Many of the topics have addressed individual areas
- Many of the ideas have not been adopted by industry (nor will they be in the near future)
- Integration of these three areas is not being used to influence corporate decision making

Why are they not being used by management?

Technical Reasons

- Need better faster method to solve real world sized problems.
 - Size/complexities
 - Uncertainties

but the big “soft” reason is.....



Failure to Communicate

Make Up of Decision Makers in “Our” industry

Examined the Educational background of Captains of Industry represented by individuals involved with FOCAPO (26)

	Engineering
COO/CEO/CB	27%
CFO	13%
CIO	55%

What is the Educational Background of COO's?

Medicinal Chemistry

Finance

MBA/Business Administration

MS in Management

Economics

Economics History

History/MBA

Challenges to Achieve Integration

- Use “their” language not “ours”
 - Work with them to build business models of all work processes but bucketed at decision maker level
 - Speak Finance (not Quantitative Engineering Economics) e.g. Options versus NPV
- Include Subjectivity in Analysis
 - Uncertainties from Various Sources
 - Use “Soft” Multicriteria Objective Functions
- Update models as new information becomes available.
- Provide Rapid “What if” Analysis Capability