

The Blended Outcome Enterprise

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Abstract

Due to the increasing complexity of the market, organizations can no longer compete with basic solutions such as lower cost or faster delivery. Instead, organizations must focus efforts of providing desirable outcomes to the critical customer. Yet, a single outcome is no longer suitable; multiple outcomes must be pursued by the firm to provide higher levels of value to the critical customer. This Blended Outcome Enterprise is not without its challenges: deciding which outcomes to pursue, understanding how these outcomes interact with one another and knowing when management must intervene to realign the enterprise to the strategy adds complexity. This article discusses each challenge in detail and provides a case study to illustrate how an organization can compete in the global market efficiently and effectively.

Introduction

Supply chain managers consistently strive to effectively serve their customers' needs while simultaneously efficiently reduce cost by reducing waste within their supply chain.ⁱ To achieve these goals, managers typically look to short-term solutions to provide value to the customer and compete in the market.

Among the lists of historic strategies for improved supply chain management, three prominent tactics for providing value stand out: reduced cost, improved quality and faster delivery to the customer.

However, growing evidence suggests that these simple strategies may not be relevant in today's competitive market. The Supply Chain Management 2010 Project, an endeavor focused on gleaning new practices and strategies from over 150 leading edge supply chains, assessed common traits about existing supply chains. The study solicited questions to managers such as "What is the future of the supply chain?" "What factors motivate changes to the supply chain?" and "What new practices and capabilities have you adopted?" through a number of workshops. Organizations representing their respective supply chains were contacted several weeks later through conference calls to more accurately ascertain improvements to their supply chains. The project results identified and classified several categories of improvements and defined a new current state for the next decade.

The Supply Chain Management 2010 study suggests that there is a fundamental shift in the way supply chains function. Older solutions such as the price-driven and strategically decoupled supply chain no longer exist effectively in the current market. The prior spotlights of lower price, better quality and faster delivery are merely order qualifiers a supply chain must have at minimum to compete in the global market.ⁱⁱ Traditionally, the supply chains of yesteryear were silent and ancillary to the business; the product or service the supply chain offered was the competitive weapon wielded against competition.

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The focus of the new supply chain of the 21st century centers on customer value. Value is no longer offered as the solution the supply chain can best provide the market but instead is defined by the critical customer. This new supply chain is challenging: as the desires of the critical customers are varied, organizational strategies must compete on many different solutions. The new supply chain can no longer provide one best solution but instead requires a broad strategy focus to captivate the customer and provide value to different segments of the market. As daunting such an undertaking may be, these supply chains contain closer ties between the individual organizations that make up the supply chain. The increased flow of information between firms combined with the improved focus on the needs of the critical customer makes this strategically-coupled supply chain the new model to benchmark. Those enterprises that can manage this supply chain model well, not the product or service offered, are the causes for conversation in the market.

With this new view, a critical element of the new supply chain is the redirection of focus. To provide value to the critical customer, supply chains are no longer solution driven but outcome driven.ⁱⁱⁱ These sophisticated supply chains have realized that the combinations of the old solutions – faster delivery, improved quality and lower cost – are no longer sufficient to satisfy the critical customer. Instead, the outcome-driven supply chain focuses on a combination of specific outcomes of which a variety of solutions within each outcome are available.

As the critical customer becomes more sophisticated, so must the supply chain. No longer can a series of firms provide value through one outcome. Often supply chains must provide a combination of multiple outcomes to effectively serve the critical customer. These *Blended Outcome Enterprises* are rewarding for firms that pursue them but are inherently challenging. Because of a lack of useful frameworks and guidelines, some questions for supply chain managers about the BOE include:

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- What is the right number of outcomes for a Blended Outcome Enterprise? Can a supply chain focus on too many?
- What is the appropriate balance of resources and capabilities for each outcome within a Blended Outcome Enterprise?
- What are the appropriate metrics for gauging success within a Blended Outcome Enterprise? If multiple outcomes are pursued and all but one are profitable, is that a success or failure for the Blended Outcome Enterprise?
- At what point should managerial presence get involved to redistribute the resources and capabilities within each outcome? How easy for it for managers to switch resources and capabilities to a new outcome to provide additional value to a critical customer?
- When changing the business model – the combination of the desired critical customer, the value proposition the firm can provide, and the capabilities available to the firm – does it matter where the firm currently “starts” before the change or should a firm start over, strategize a new business model and begin anew?

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As described by Melnyk et al. (2010), the six outcomes a supply chain may provide are: cost, responsiveness, resilience, security, sustainability and innovation. The Blended Outcome Enterprise (BOE) is a series of firms within a supply chain that are focused on multiple outcomes to provide additive value to the critical customer. Specifically, these supply chains often have the following characteristics:

- Each organization within the BOE is simultaneously pursuing two or more different outcomes
- Each organization within the BOE must have a strong outcome of interdependence present

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- Left alone, each organization within the BOE will encounter friction between resources, capabilities and culture without managerial intervention
- Each organization with a BOE, management must create an environment that is conducive to achieve these multiple outcomes

Blended Outcome Enterprises are nothing new as they are evident in other supply chains under different names. One example is the concept of “leagility” where a supply chain focuses on both lean manufacturing principles and agility simultaneously.^{iv} This delicate balance between two outcomes is tricky but comes with great reward when executed proficiently. Other examples of such enterprises are Wal-Mart (Cost and Sustainability)^v, and Apple (Responsiveness, Security and Innovation)^{viii}.

The Blended Outcome Enterprise is unique in that it must focus on its core capabilities or outcomes but strive to be the best in only those outcomes. While it is impossible to effectively and efficiently serve every customer, the Blended Outcome Enterprise behaves less like a focused factory and more like a Triple-A Supply Chain.^{viiiix} When an enterprise subverts resources into only one outcome, it regresses to the focused factory model, providing some value to a critical customer but not fulfilling all of the customer’s expectations. Rather, the Blended Outcome Enterprise must focus on its business model to determine who it desires to do business with, what value the firm can provide to the customer and what capabilities are necessary to deliver the value.

A strong level of interdependence between outcomes is necessary for the survival of a Blended Outcome Enterprise. If a strong independent presence exists between outcomes, each organization will promote their outcome over their “competitor’s” outcome. Resources and capabilities, knowledge and strategy will be divided, forcing the enterprise to become at war with itself as what outcome provides more value to the critical customer. A strong level of interdependence is necessary to allow each outcome to work

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independently but easily share resources, capabilities, strategies and information when adjustments are required to provide value to the critical customer.

While interdependence between outcomes is desired, a strong managerial presence is essential. If an interdependent presence exists between organizations pursuing different outcomes, theft of resources and capabilities may ensue as the two outcomes struggle for dominance. If left without managerial intervention, the resources and capabilities reserved for one outcome will be absorbed by another outcome, thereby realigning the organization from a blended outcome model into a focused factory. This is most evident when combining two outcomes that may have opposing goals, such as Cost and Innovation.^x While a strong form of interdependence is needed to allow organizations to adapt to market changes, a stronger managerial presence is required to ensure that resources and capabilities are apportioned appropriately.

Finally, a Blended Outcome Enterprise must have an environment conducive to promote every outcome pursued by the organization. To culturally focus on just one outcome is folly; not only will resources and capabilities be swallowed up by the dominant outcome but the organization may reject other outcomes altogether. For example, firms pursuing a Cost and Innovation blend may be so focused on cost reduction and eliminating waste that resources from radical innovations are deemed unimportant. As these resources are eliminated from the organization, radical innovation discoveries may yield only marginal benefits and are weakly adopted by firms. This not only affects the effectiveness of the firm but impacts the entire supply chain that is focused on both Innovation and Cost. A counter example is 3M who rejected cost reduction strategies because of their culturally-driven innovation environment.^{xi}

The Failed Blended Outcome Enterprise: A Case Study

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One way of perceiving the challenges of balancing a Blended Outcome Enterprise is through a case study. This example focuses on a Midwestern bathroom furniture and supplies company that strategically pursued a combination of Cost and Innovation outcomes. However, when the firm attempted to dynamically introduce a responsive outcome to their blended mix, the organization could not adapt fast enough and let an innovation “home run” opportunity escape.

The Midwestern manufacturer makes furniture and various shower, sink and toilet supplies for the single-family home and promotes several of its product lines for the do-it-yourself home owner. While several product offerings are industrial grade, the majority of the portfolio is focused on improving the appearance of the single-family bathroom. Prior to 2005, the supplier was a wholly-owned subsidiary of a large Fortune 500 firm that focused on lean manufacturing and the removal of waste from all processes. One of the key initiatives was to focus on the bathroom furniture and supplies company’s core competency of molding. Therefore, prior to 2005, the supplier designed and concentrated on molding and outsourced every other product offering from the firm.

Following 2005, the Midwestern shower and bath company began to pursue innovation. To achieve this goal and be a premiere shower and bath company, the organization concentrated on bringing the best product to market that was both innovative and novel to the customer. In 2006, the company creates a new shower system – a modified version of the upscale shower system encountered in many high-end homes. The system is easy to install, replaced most existing shower units and was focused on the average family-home. When the system was first offered to the do-it-yourself retail outlets however, the initial reaction was poor. Only one retail outlet promised a trial run of the shower system and limited the proliferation of the product to only 500 of its national stores.

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The retailer contacted the Midwestern shower and bath company (MSB) five weeks after the product launch. While the supplier was under the impression that the shower system was a failure and expected the worst – a cancellation of orders – from the retailer, the opposite occurred. The retailer was amazed at the success of the product and wanted the Midwestern supplier to replenish inventory at each of its 500 stores and provide product to the remaining 1500 locations.

As excited as the supplier was about the innovation “home run”, there was a challenge: because of the lean systems implemented in the organization years earlier, the predominant culture of the firm was to reduce costs and remove slack. Slack, however, is needed for product innovation and responsiveness. As the firm attempted to become more responsive to the demands of the retailer, they could not provide product quickly enough. In addition, the Midwestern supplier was conditioned to perform only key activities internally; the supplier had no outside organizations to turn to for help. The result was that the organization was unable to meet full demand levels for several months, causing frustration to both the retailer and the end consumers of the shower system.

This case study provides several insights that exemplify characteristics of the Blended Outcome Enterprise:

- Because of conflicting outcomes, MSB was unable to provide product because of the lack of resources and capabilities
- Because of the critical capabilities demanded by the product were related to core competencies, MSB could not respond to the sudden increase in demand by outsourcing
- When faced with risk, readily available inventory may be more attractive
- When faced with uncertainty (i.e. new product launches), available capacity via outsourcing capabilities may be more attractive

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This story illustrates that the Blended Outcome Enterprise is a natural extension of the outcome-driven supply chain; the BOEs are not “natural” organizational structures. To be successful, these enterprises require managerial intervention to ensure that actions taken by the organization do not compromise the performance of other outcomes of the enterprise. Management intervention in this case deals not only with capacity and process standardization but also performance measurement. If management had a better monitoring process in place for the success of the innovation, management would have been aware of the success of the product and made appropriate changes to promote a responsive supply chain for the shower system. In not understanding its business model, MSB was not able to create the blend of outcomes necessary for success.

The Business Model

What determines which outcomes an enterprise should pursue? A key determinant in providing a solution a key customer desires is found in the enterprise’s business model. The business model contains three critical elements which when conjoined provide value to the customer, aligns business strategies with practices and capabilities of the customer and reinforces a relationship between a firm and its customer. These elements are the critical customer, the value proposition and the firm’s capabilities. Figure 1 illustrates the general business model.

The critical customer is one essential element in understanding a business model. The critical customer is a customer or series of customers that the firm wishes to engage with regularity. These customers are often those that the enterprise has a close relationship with or desires to have a close relationship with. This nature of the relationship is crucial; the differences between relational and functional customer orientation may require the firm to change its approach on selecting a critical customer.^{xii} Relational customer orientation allows the firm to improve business between the customer and the firm and allows

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the firm to better understand the desires of the customer. These critical-to-quality needs are essential in determining what the customer needs and separates what are considered order winners from order qualifiers.^{xiii}

The second element required in the business model is the value proposition. This component does not necessarily require a critical customer be known but it entails the firm know what desires customers may need in general. In understanding the value a firm can provide for its customers, the firm can promise quantifiable benefits that customers need and encourage customers to use the firm's products or services above others.^{xiv} The value proposition is critical; it is this aspect of the business model that helps a firm to identify what it wants to be known for and improve brand equity. This self-imposed image translates into the outcome the firm should consider as strategically critical.

The final element of the business model is the firm's capabilities. Capabilities are abilities or talents the firm possesses to make the value proposition successful that require an expense but can provide benefits to the firm.^{xv} Knowing the desires of the critical customer and the value proposition can help to determine what capabilities are needed for the business model.

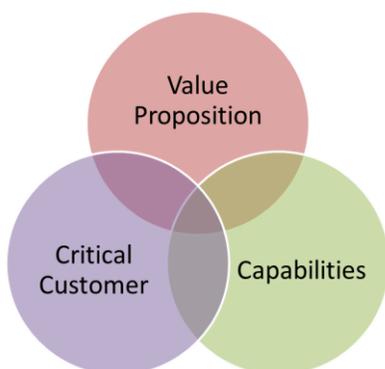


Figure 1. The Business Model

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When a firm reinvents itself, the business model must be evaluated. Who are the critical customers?

What is the current value proposition and what does the firm want to be known for as a market leader?

What capabilities are currently available to the enterprise and which are needed to grow the firm? These questions must be addressed when determining the appropriate mixology for the firm. Interestingly, where you begin in the transformation makes a difference.

When a firm transforms, it must identify what aspect of the business model it wishes to keep, if any. If the firm enjoys working with its customer base and does not want to lose it, then the firm must *sustain* its relationship and truly renovate itself to meet the needs of the customer. Close contact with the customer is necessary to understand its critical needs and the firm will change to meet those needs. In contrast, if a firm enjoys the capabilities it currently owns, it can *reinvent* itself by discovering a new value proposition and critical customer base. Figure 2a illustrates the direction of change a firm must travel provided it maintains its critical customers or capabilities.

Perhaps the most interesting situation is when a firm identifies a new value proposition but chooses to select new customers and gain new capabilities to meet those customers' needs. This entrepreneurial perspective is unique and provides a product or service that promotes and solves customers' needs – needs they may not know exist as of yet. In this situation, the firm can elect either to find the right capabilities to meet the value proposition. Alternately, the firm may choose to find customers who are interested in the value proposition first and after an order is promised, gather the appropriate capabilities. This unique scenario is illustrated in Figure 2b.

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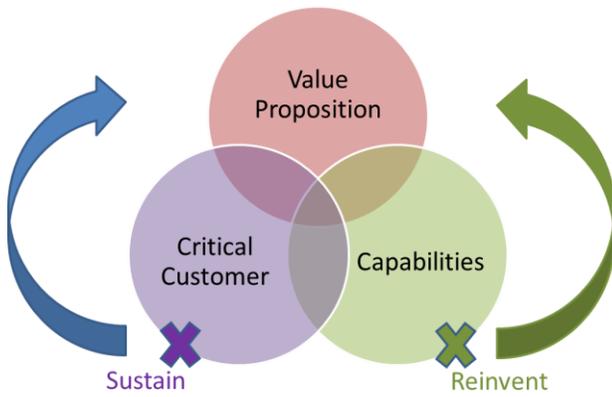


Figure 2a. The Business Model in Transition (Sustain and Reinvent)

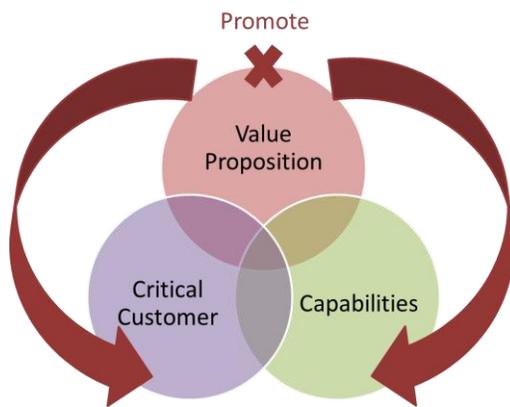


Figure 2b. The Business Model in Transition (Promote)

The Successful Blended Outcome Enterprise

A second story where the Blended Outcome Enterprise does hold illustrates how firms can successfully realign their business model to promote the outcomes they desire. This is true for a mid-size pharmaceutical company, PharmA, in the Southern part of the United States. While the firm was successful, its revenues had remained constant and growth appeared out of reach.

The pharmaceutical company is a contract manufacturer for other drug companies within the United States. As larger pharmaceutical firms outsourced the production of their drugs to smaller

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manufacturers like PharmA, these firms could focus on the retail and research and development stages of the drugs. However, while these pharmaceutical development centers outsourced the manufacture of drugs to focus on core capabilities, the headaches associated with outsourcing soon became evident.

Soon after the transition, pharmaceutical firms began placing orders with PharmA, anticipating easy order fulfillment. The relationship between the firms and PharmA was transactional: when the pharmaceutical firm placed an order, the manufacturer would provide the product within scheduled delivery time. However, PharmA was repeatedly unable to deliver upon the scheduled times. As relationships deteriorated, firms' confidence in PharmA declined. The situation was so poor in early 2011 that several large pharmaceutical firms held inventory for 68 weeks due to the uncertainty of dealing with PharmA.

Upon further investigation, the cause for PharmA's delivery issue became apparent. As a contract manufacturer, PharmA focused on one outcome: cost. Pharma's critical customers however desired a responsive company and were willing to pay higher prices to receive expedite orders. Even more curious was PharmA's self-perception and attractiveness. The manufacturer pictured itself as one of the best Blended Outcome Enterprises in the industry: secure, responsive and resilient. How could such a mismatch occur?

The fundamental problem with PharmA was its alignment of the business model. The capabilities of the firm were present and the critical customers were known but the company was woefully unreliable with delivery goals. The value proposition from PharmA's lens was a secure, responsive and resilient manufacturer of pharmaceutical drugs. However, PharmA's actions were different. Not only did PharmA not recognize the needs of their critical customers – responsiveness – but the firm's metrics were all based on cost.

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After a quick search of their business model, focusing particularly on their value proposition, PharmA was able to improve their relationship with their customers. Not wanting to change customers, PharmA chose to sustain its relationships and instead, understood the desires of the market for a drug manufacturer. The firm changed its business model to focus on security and responsiveness and the firm's metrics and orientation reflected the change. Shifting from a cost-focused pure outcome enterprise to a Blended Outcome Enterprise allowed PharmA to change its capabilities to respond to the market, permitting its customers to carry fewer weeks of inventory. In an unprecedented move with its customers, PharmA even negotiated its terms for orders. If the order request is reasonable, PharmA would provide the product on-time. However, if the order request is unreasonable, PharmA would state that they could not provide the product but would give other options – expedite fees, partial shipments, postponed deliveries, etc.

PharmA is an example of a struggling firm that was able to overcome adversity. By evaluating its business model, focusing on critical customer needs, changing the value proposition and augmenting its capabilities accordingly, PharmA was able to change its outcome blend to better meet the market.

The Nature of the Blended Outcome Enterprise

Complexity of the Blended Outcome Enterprise is what makes it the most challenging. When a firm decides to pursue a BOE model, several questions should be asked to create a guide of how to implement a strategy. Among them are:

- What outcomes, if any, are the most important? Which ones bear lesser importance?
- Are the outcomes the organization pursues conflicting, complementary or neutral with one another?

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- Which outcomes are easier to shift resources and capabilities between? Which outcomes are more difficult to share resources between?

Some outcomes are complimentary in nature. These outcomes are powerful and provide value on their own but when combined provide synergy that creates more value through integration. Some examples of these types of outcomes are:

- Cost and Sustainability – cost cutting exercises associated with a reduction in packaging, improved product design and process improvement can be beneficial to the environment and social awareness
- Responsiveness and Resilience – processes are created that enable responsiveness (i.e. flexibility and redundancy) are elements of resilience^{xvi}
- Security and Sustainability – both outcomes focus on transparency and visibility within the organization
- Resilience and Innovation – resilience focuses on the need for flexibility and redundancy while innovation requires a deliberate presence of excess resources

Some outcomes however are orthogonal and independent of one another. A combination of these outcomes does not provide additional value to the customer though both are valuable independently.

- Security and Innovation – Security requires the evaluation and removal of risk while Innovation focuses on excess resources for radical innovation

Some outcomes however are conflicting. These outcomes when combined have opposing attributes and require not only allocation of desirable resources and capabilities with each outcome but also managerial intervention when the delicate balance is disrupted. Examples of conflicting outcomes are:

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- Lean and Innovation – lean emphasizes cost cutting while innovation requires slack^{xvii}
- Lean and Resilience – lean emphasizes cost-cutting while resilience requires flexibility (responsiveness) and redundancy^{xviii}
- Lean and Responsiveness – lean focuses on cost cutting while responsiveness requires flexibility (slack) in the enterprise to exist

Given these three different types of relationships between outcomes – complementary, independent and conflicting, a matrix can be created identifying which outcomes are easier to implement simultaneously than others. Table 1 and Table 2 illustrate some suggested outcome combinations. Note that “contradictory” combinations have both complementary and conflicting characteristics of each outcome.

	Cost	Responsiveness	Security	Sustainability	Resilience
Responsiveness	--				
Security	-	+			
Sustainability	+	0	++		
Resilience	--	++	+	?	
Innovation	--	+	0	?	+

Table 1. Outcome Combinations – Complementary, Conflicting and Independent

Strongly complementary	++
Somewhat complementary	+
Independent	0
Somewhat conflicting	-
Strongly conflicting	--
Contradictory	?

Table 2. Outcome Combination Legend

Ingredients of the Blended Outcome Enterprise

Much like the various ingredients within a recipe, not all ingredients of a Blended Outcome Enterprise are given equal weight. Managers must both identify the ingredients needed to succeed at the business and know the right amount of each ingredient to use to be successful. But how do managers know which ingredients are given more weight than others? The weights of the outcomes are driven by the strategies of the company. The desires of the organization's fit in the marketplace is what drives the Blended Outcome Enterprise Model^{xix}

In developing an effective Blended Outcome Enterprise model, managers must assess their resources and capabilities to the following attributes:

- Who is the critical customer the organization will serve?
- What is the value proposition – what attracts the critical customer to the enterprise?
- What are the capabilities the organization can offer to provide value to the critical customer?

In understanding the answers to these three questions, an organization can craft a business model that effectively promotes specific outcomes. In other words, The BOE business model determines what type of BOE to pursue.

Perhaps the most critical of the three questions is the value proposition. What attracts the critical customer to the organization? What does the customer value that will entice the end user to do business with the organization that with a competitor? These are important considerations as not all outcomes are consistent or equally weighted. The value proposition for each organization will depend on the value the enterprise can provide for the critical customer. Depending upon the outcomes the organization

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desires to pursue, management must decide which outcomes will have a greater amount of importance. The selection of the “right blend” of these outcomes will dictate which strategies the enterprise will pursue, the amount of management intervention required and provide a customer perception of the enterprise’s strengths.

Regardless of the outcome blend the enterprise may pursue, the customer will perceive more value through one outcome over others. Because the dominant outcome may be recognized by the customer more readily, one additional consideration for the enterprise is the distribution of importance of each outcome. As dominant outcomes are most recognized by customers, the majority of resources and capabilities should be devoted to that outcome. Remaining resources are distributed between remaining outcomes. Since each outcome can have a different degree of importance, three potential classifications of importance can be determined for each outcome:

- Strategically critical – top 5% of benchmark performance in the industry
- Strategically important – top 25% of benchmark performance in the industry
- Strategically necessary – top 50% of benchmark performance in the industry

To be competitive, the appropriate amount of resources should be devoted for the degree of importance of each outcome.

Determining the right blend of outcomes defines the value proposition of the enterprise to the critical customer. When determining which outcomes to pursue, management must ask the following questions: What is the critical customer willing to pay for the product/service offered by the enterprise? What

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differentiates the Blended Outcome Enterprise in the market from its competitors? What makes the enterprise stand out from the competition? If an pursued outcome can be offered by a competitor, then this similar outcome is strategically necessary. However, if the outcome is what makes the enterprise stand out from the competition, the outcome is strategically critical.

Measuring a Successful Blended Outcome Enterprise

How do BOEs know they are on the “right course” and are pursuing the right outcomes? Managers must monitor the progress of the enterprise to ensure that the correct resources and capabilities are devoted to each outcome. The key, however, is in knowing which measures to monitor and what constitutes as successful performance. Performance measurement is challenging. If an enterprise successful in two outcomes but not in a third outcome, is the organization successful? How much managerial involvement is required to maintain correct outcomes?

Measurement must come from metrics evaluated by the enterpOrise. These metrics can be divided into three distinct categories, with the evaluation of each metric playing a critical role in maintaining the balance of resources for the firm. The three characteristics of blended outcome metrics are:

- Frequency – the number of times a metric is evaluated
- Tolerance – how far off from the desired state is the BOE measuring
- Intensity – the number of metrics for a given outcome that must be evaluated

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Outcomes that are strategically critical should be evaluated daily; outcomes less critical can be assessed less frequently. Strategically necessary outcomes can have a loose tolerance and need not be have tight conformance to customer expectations. More important outcomes must meet customer expectations closely. Intensity determines how many metrics for each outcome are needed. Strategically critical outcomes require many metrics to ensure the enterprise maintains its top 5% of customer value. Less critical outcomes may have fewer metrics.

Combining these critical outcomes metrics into a single table provides insight on how managers can evaluate outcome performance and intervene when necessary.

	Benchmark Performance	Frequency	Tolerance	Intensity
Strategically Critical	5%	Daily	Tight	Many Metrics
Strategically Important	25%	Monthly	Somewhat Tight	Moderate # of Metrics
Strategically Necessary	50%	Quarterly	Moderate	Few Metrics

Table 3. The Suggested Characteristics of Performance Measurement Associated With Importance of Each Outcome

There are no definitive rules on what is “tight” tolerance and what are “many metrics” are. These decisions must be made by the enterprise through benchmarking practices and common sense.

However, these guidelines provide recommended proportions for each enterprise to pursue.

What happens if metrics are not measuring well (i.e. measurements are outside of desired tolerance?) If measures fall outside of an enterprise’s desired tolerance, management must readjust the capabilities and resources to meet the needs of the enterprise. If outcome is strategically critical, then the BOE must be

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proactive about measuring and keeping metrics within tolerances (“enough to be successful”). If however, the outcome is strategically necessary, then BOE must be proactive about measuring and keeping metrics within tolerances (“enough to not be a failure.”) Much like a “door ajar” indicator in a car, the tolerance of the metric may require action but acts as a warning rather than a necessary change. If the measures are within expected tolerances, the BOE should just monitor the outcome instead of realigning resources.

One potential problem however is that of “implementation distortion”. Much like a game of telephone, the outcome can be distorted by the capabilities available to the enterprise. Instead of changing capabilities to meet outcome metrics, firms may be tempted to change outcome metrics to meet current capabilities. This can be calamitous: changing metrics can influence outcomes and inadvertently changes the outcomes the enterprise is attempting to pursue. For example, changing the metrics of a Resilience outcome may change it from strategically critical to strategically important outcome. This change would augment the strategy the organization is pursuing and change the value proposition the organization offers to the customer.

Instead, management should be more involved when two or more outcomes are conflicting. As discussed earlier, without monitoring, conflicting outcomes may struggle over resources and capabilities and can inadvertently change the distribution of resources for an organization. If kept unchecked, the dominant outcome will usurp the recessive one. If management monitors multiple conflicting outcomes and redistributes resources appropriately when the delicate balance has shifted, an organization can successfully overcome the challenges of the Blended Outcome Enterprise and enjoy high levels of performance with the market.

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