



Friends-of-the-Firm Mini-Briefing

The Modern CEO Job Description

By

Alan Dunn, President, GDI Consulting & Training Company, 1999



The debate over what's wrong with North American industrial leadership has concluded. It is abundantly clear that leaders in many North American companies do not really understand the total scope of their businesses. They have not learned which processes to control personally and which ones to delegate. Though they have become expert in their particular knowledge area, they have not learned that a company is a combination of smaller entities, each relying on the other for output prior to the decision-making process and each providing input to another entity for its own decision making process. Success in managing total organizations is dependent upon the understanding of how these different entities work together.

Profits should not be the goal of a company. They should be the “natural reward” for managing the integration of entities and the core business processes successfully. If executives would stop looking at the end goal and instead concentrate on understanding the total scope of the operations so they can ensure that it runs effectively at all levels, profits will be the natural reward for their efforts. This of course will require that managers, particularly those in senior level positions, begin investing in their own education.

Executives must start walking around their facilities and asking questions. They must put in place reporting mechanisms, which tell them how well entities are working together so they can really believe the performance reports from the entities. Senior executives must become preoccupied (and perhaps even obsessed) with the successful integration of various entities within the organization.

Much like a professional sports team, the executive must concentrate on mechanisms and devices, which will make the team work together better with less emphasis placed on individual all-stars. It is a proven fact that good people working as a cohesive team will far out-produce a group of superior individuals who operate in a non-integrated or non-teamwork fashion. If we can only take a lesson from professional sports teams, we will quickly learn that all-star teams are only put together for the purposes of a “singular show” and not for the entire season. This is because all-stars do not work together as effectively as those coached by a superior leader.

The job duties list for the modern CEO should include the requirement that management processes, which connect departments together, be constantly monitored. This can be done by developing management reports, which indicate whether underlying responsibilities are being pursued.

For example, a report on the manager's desk every week which indicates the number of past-due purchase orders will indicate to the executive something about future delivery schedules to customers. This inferential logic can also be applied to key management indicator reports throughout the entire organization. One report which we find particularly useful is one which indicates the number of engineering change notices for mature products. If the number goes up, management might become aware of changing marketplace uses of the product, design degradations or field service problems.

What all this means is that executives can constantly monitor the condition of the company through watching the quality of the various management processes. Watching these processes provides management with the inferential logic to determine future probabilities based on changing process conditions. Management can then act upon these changing conditions before they impact the balance sheets and income statements. If management routinely watches conditions which will ultimately lead to performance failures, they will be able to take corrective actions sooner and more effectively. Instead of waiting for the quarter end reports, management can predict the problems or rewards associated with the operation.

Profits will be the ultimate “*natural reward*” for doing the job right.

About the Author



Alan G. Dunn is currently President of GDI Consulting & Training Company and founder of the Manufacturing Executive Institute (MEI). He is also the creator and lead-instructor of the 18-month Next Generation Global Supply Chain Leadership Development Program at the California Institute of Technology's (Caltech) Center for Technology & Management Education (CTME), where he has taught since 1984. Mr. Dunn also serves on the University of California at Riverside's (UCR) Advisory Board for Transformative Leadership in Disruptive Times.

Mr. Dunn specializes in supply chain management, strategic planning, manufacturing management, operations management, leadership development, cost management and business finance.

Previously, Mr. Dunn was a Vice President at Gemini Management Consulting and a Partner at Coopers & Lybrand. In both positions, he led large technical manufacturing teams through innovative productivity enhancement projects. Mr. Dunn has participated in >188 significant manufacturing and distribution projects inside >118 companies. He has worked in 24 countries and across most manufacturing sectors.

Over his 40-year career in global supply chain consulting, Mr. Dunn has served on the Boards of Directors of numerous public, private and non-profit companies. He is the recipient of the National Association of Corporate Directors (NACD) prestigious "*Director of the Year*" award in 2007.

Alan is a career Association of Supply Chain Management (ASCM) volunteer, having served as the President of the Orange County Chapter in 1984 and Chairman of ASCM in 2015. He was inducted into the "*ASCM New England Supply Chain Conference Hall of Fame*" in 2022.

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