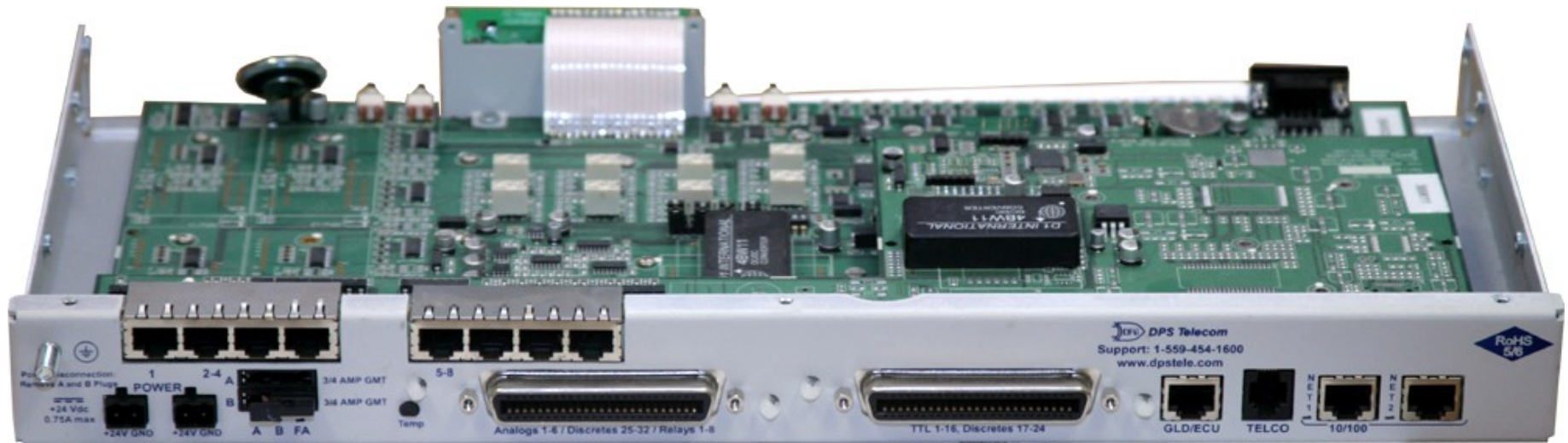


How a CEO can create a
sustainable competitive advantage
through the use of 1-page models

Bob Berry
CEO
DPS Telecom



We design, manufacture, & sell
alarm- and site-monitoring equipment.



Targeted Industries

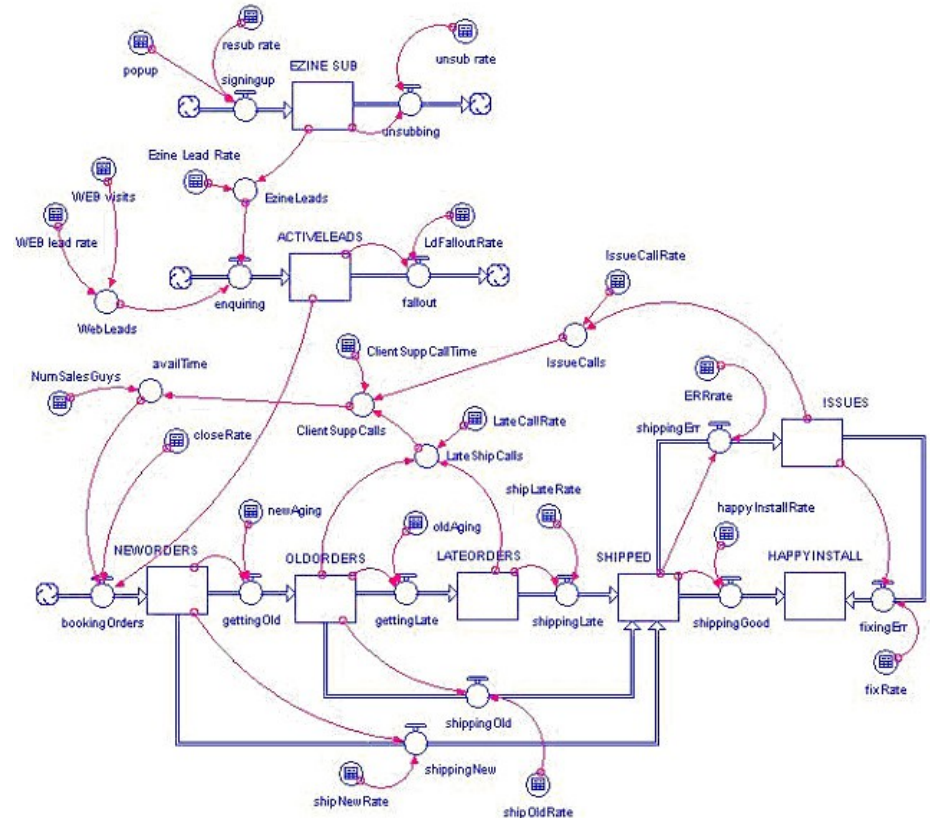
Telecom - Utility - Gas & Oil - Transportation

A Little History...

- Boom-bust growth problem.
- Often “fixed” the wrong thing.
- Trouble agreeing on the core problem.
- Disruptive staff growth.
- Metrics were hard to discover.

1-page models have BIG impact

- Visibility to “real” structure of processes
- Input from all key staff
- Buy-in from Mgmt
- Team alignment
- Correct metrics



Over the last 10 years, DPS has:

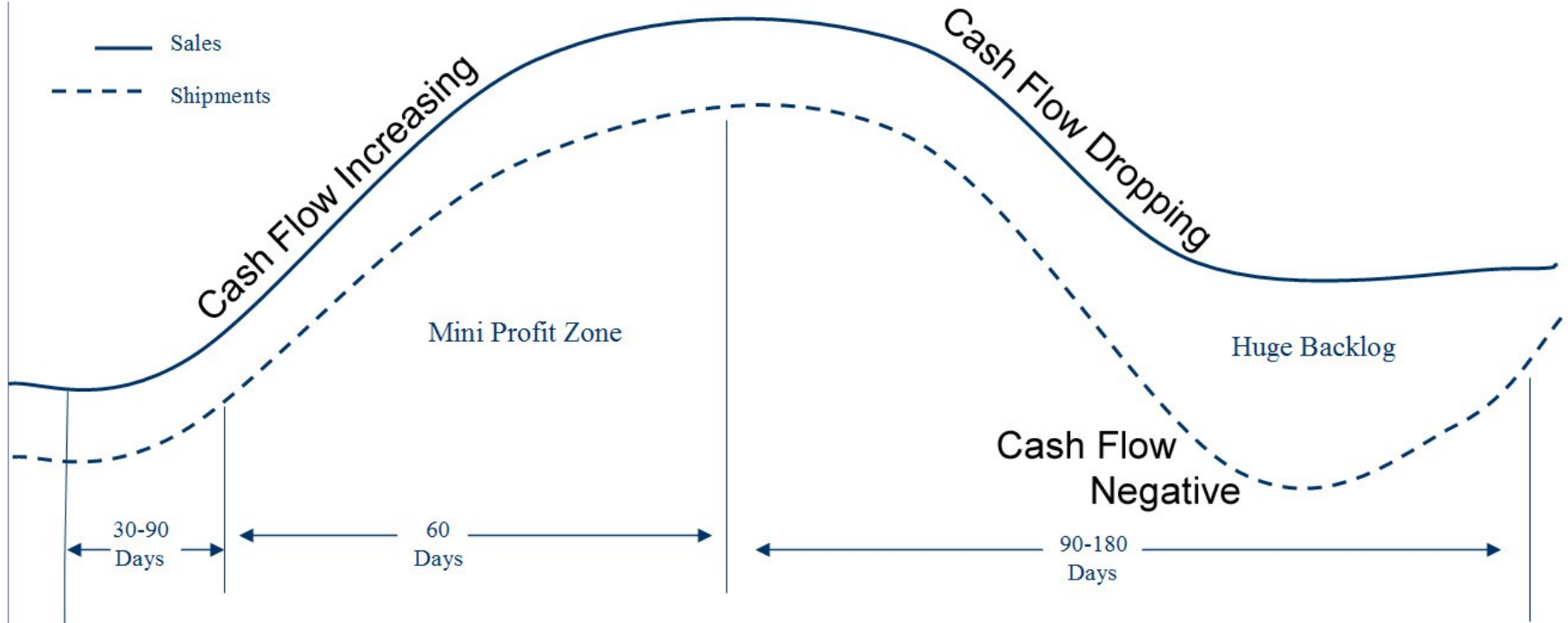


- Doubled **sales**
- Quadrupled **profitability**
- Reduced “**drama**” at work by at least 95%
- Created a **process-driven** environment that captures “Company Knowledge”.
- Used model to decide to **buy out** partner.

Stuck in a Loop

- Create new products
- Grow sales
- Grow staff
- Collapse under our own weight
 - Quality issues
 - Engineering delays
 - High staff turnover
- Loss of “Company Knowledge”

Boom-Bust Reference Graph



New Marketing

need

I Needed Training

- Basic Modeling Concepts
 - Stocks, Flows, Converters
- Basic Building Blocks
 - Main Chains & Feedback Loops
 - Debug & Model Verification
- Basic Model Usage
 - What to model
 - How to “extract” results

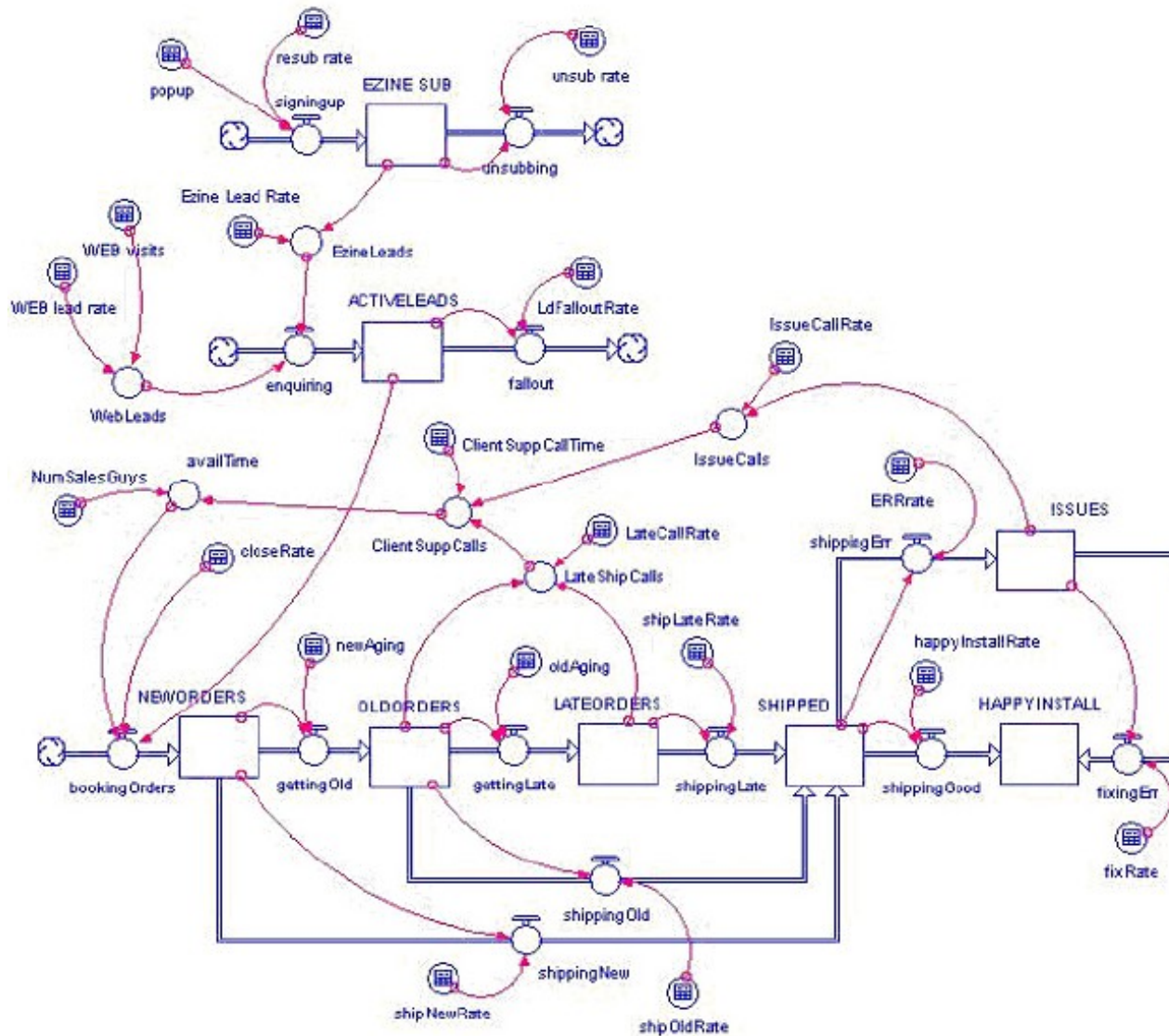
Training Hurt

- “What” to model and “How”
- Base Ref. Graph
- Expectations of results:
I wanted answers & executable plans.

“Insight into the physics of the problem.”

-Steve Peterson, Lexidyne

The Boom-Bust Model





“All models are wrong, but some are useful.”

—GEP Cox

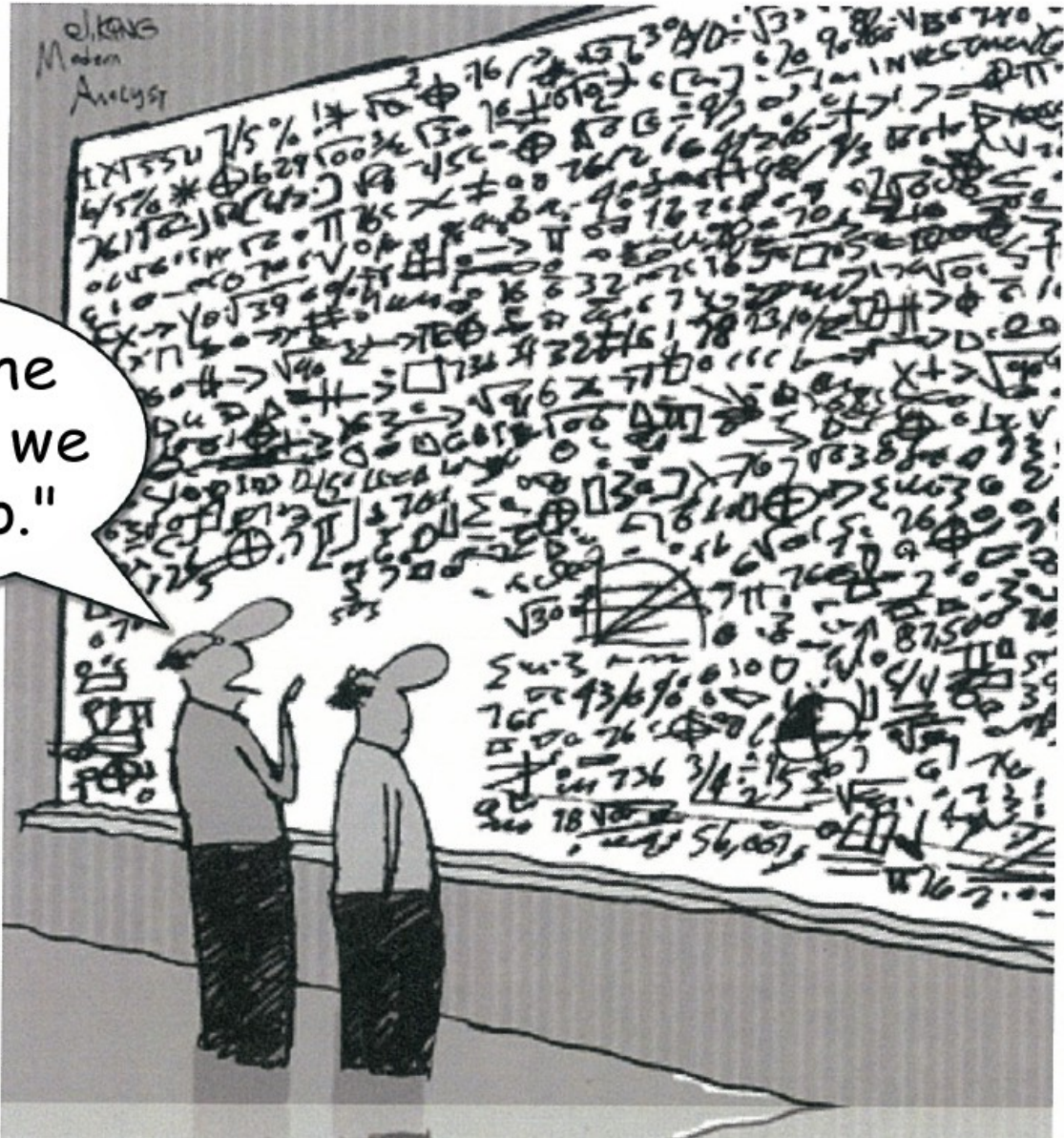
Insight!



As problems piled up, salespeople spent less time selling.

- Team played with model.
- Asked lots of questions.
- “Why is there so much stuff in these bad stocks?”

"That's the ONE thing we have to do."



The Model Sets the Stage

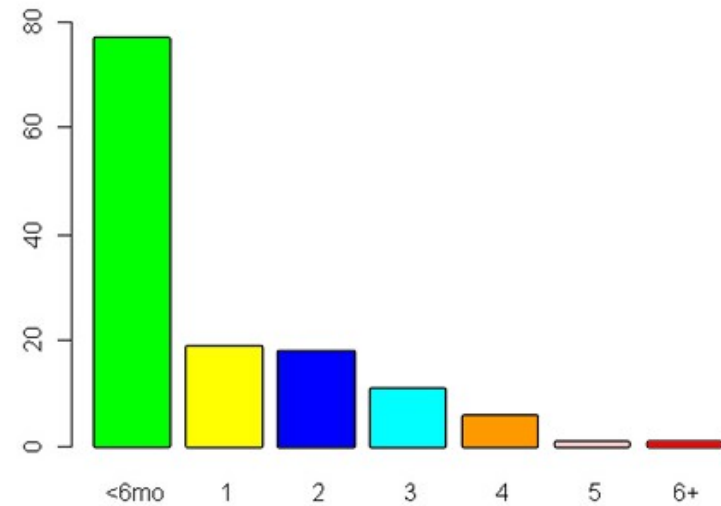
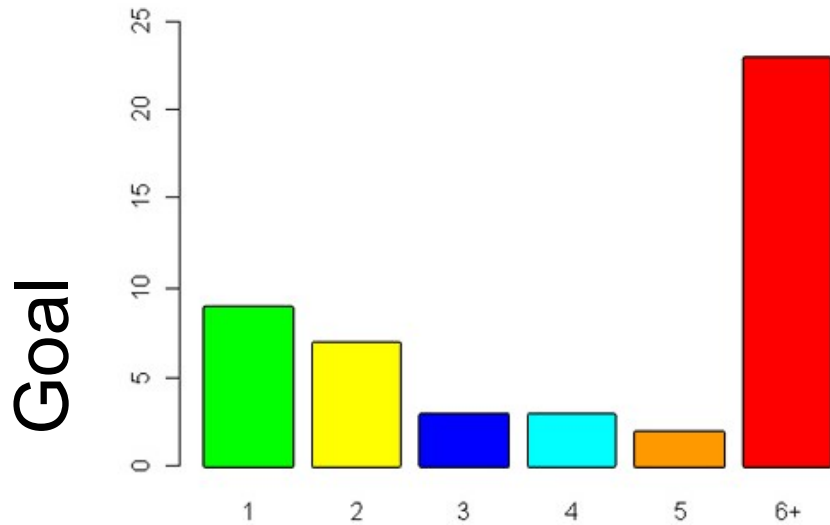
- Convert “insight” into “results” with tools:
 - Lean / Six Sigma
 - Standard Operating Procedures (SOPs)
 - Collect metrics
- Lock in gains with quality management

People are Part of the System

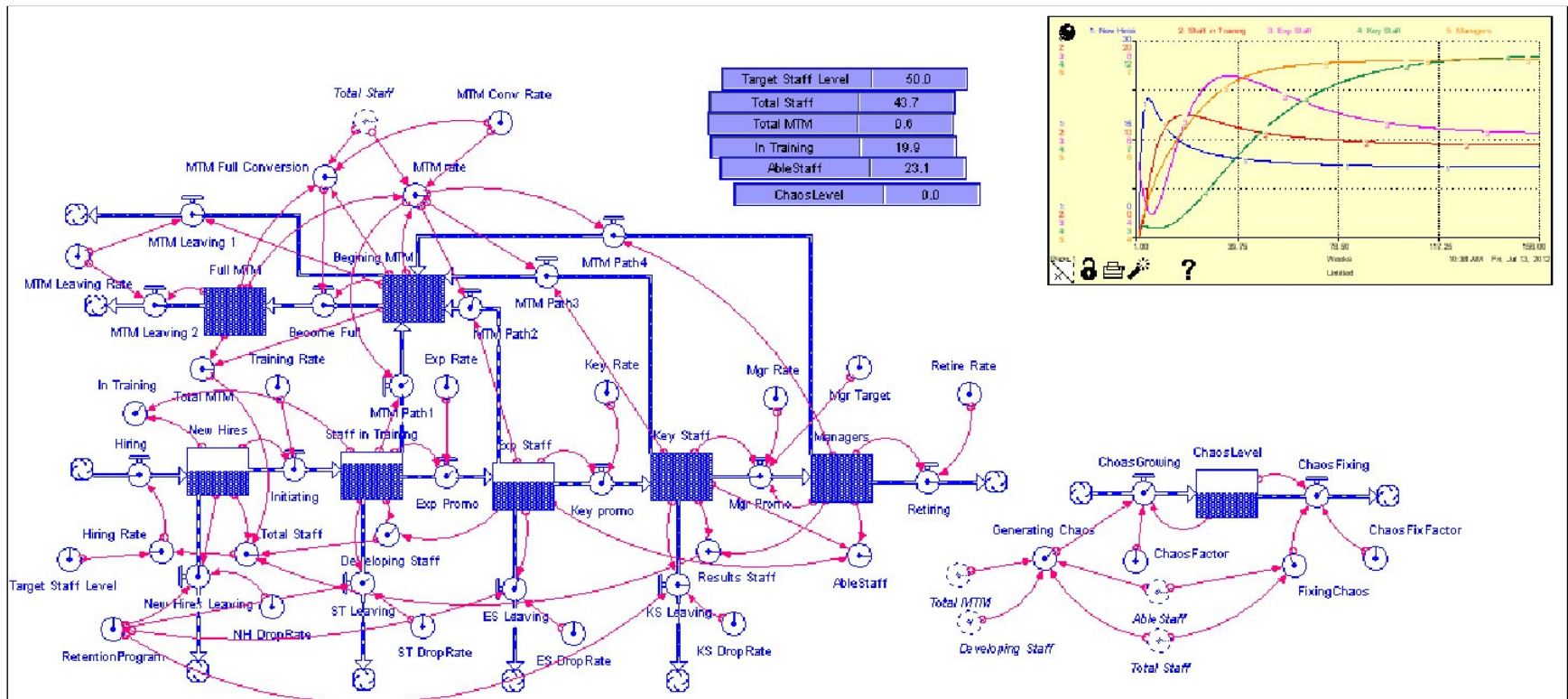
- Hire, Train, & Integrate New Staff
- Retain Staff & Talent
- Skills & Leadership Development
- Retention of “Company Knowledge”

During growth, HR problems multiply!

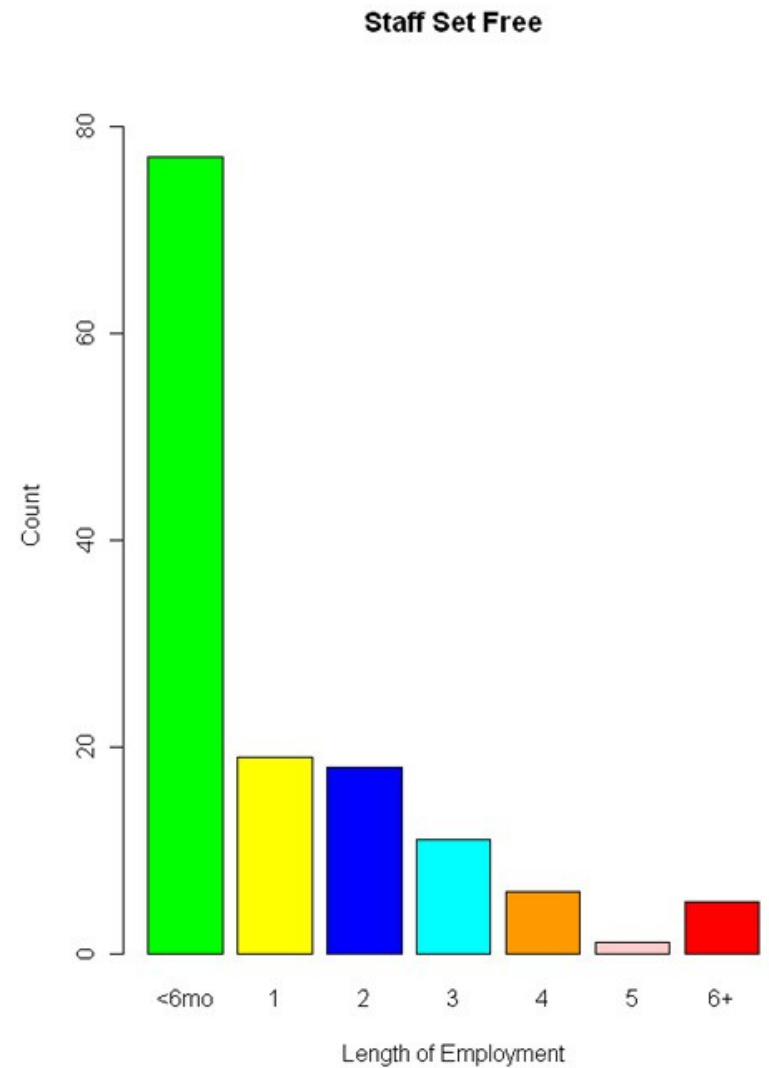
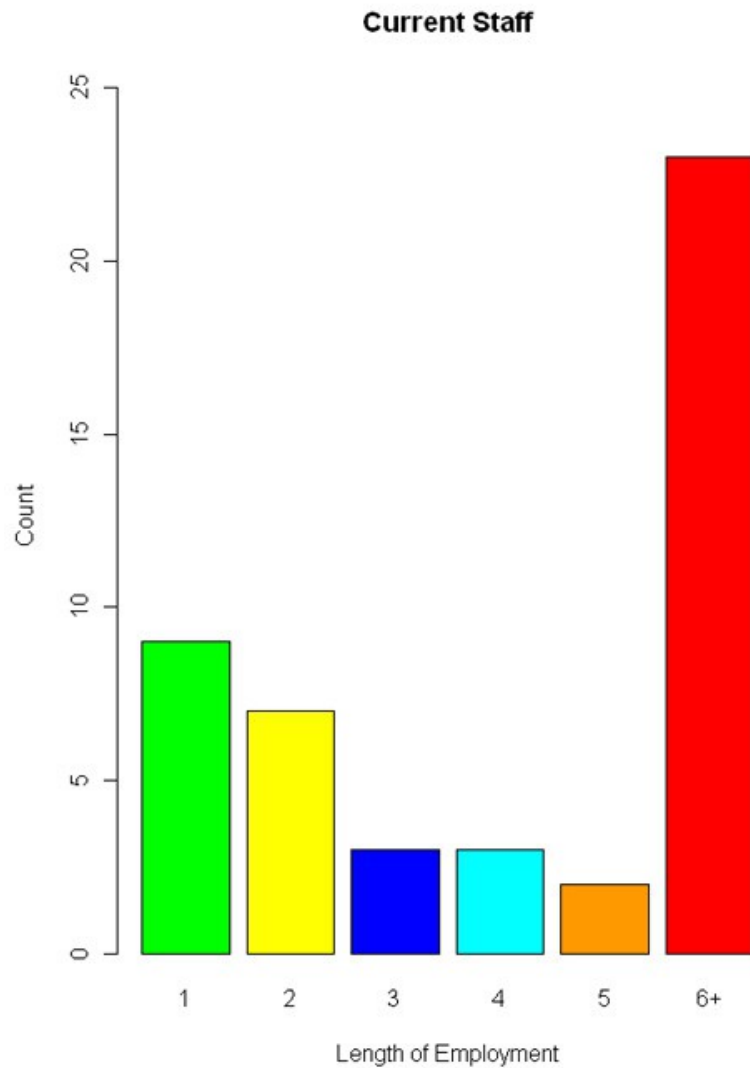
HR Base Reference Graph



“Manage the Manager” (MTM) Model

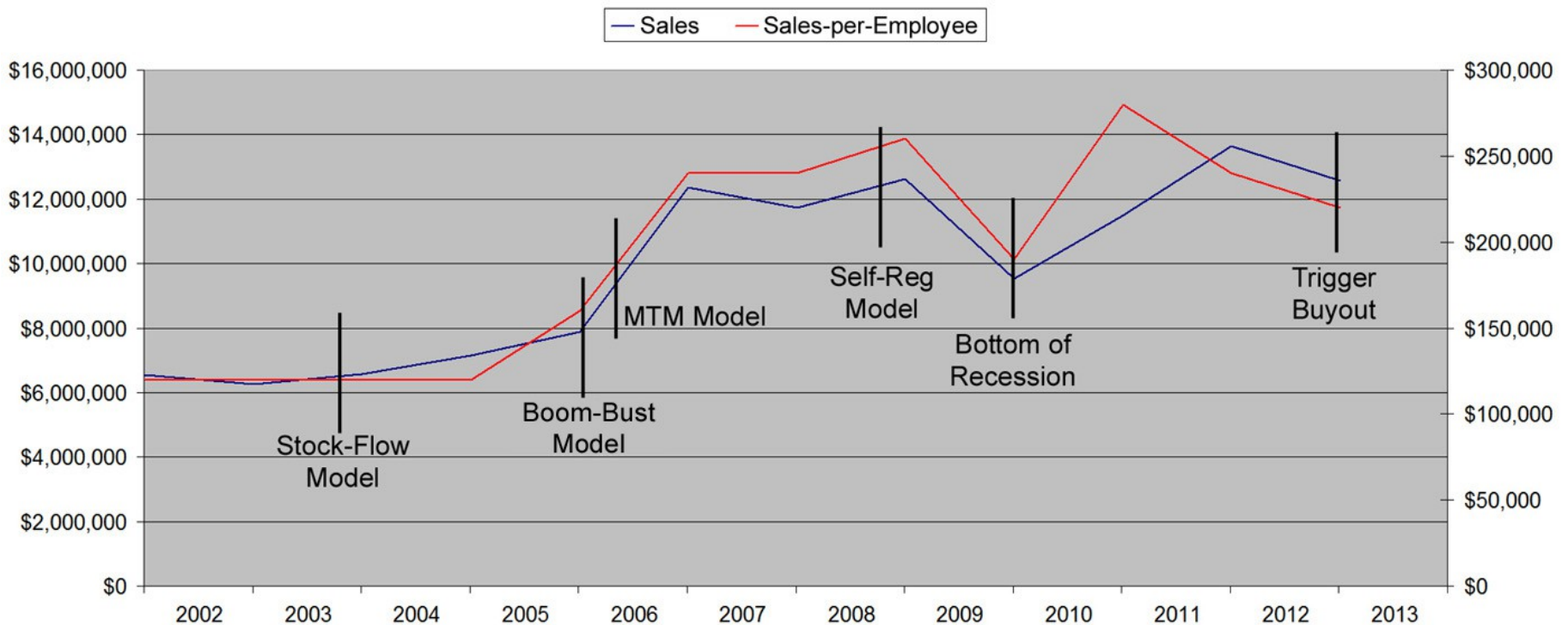


6 Years after the MTM Model



Marketing Impact Timeline

DPS Sales and Sales-per-Employee



Getting Ready to Model



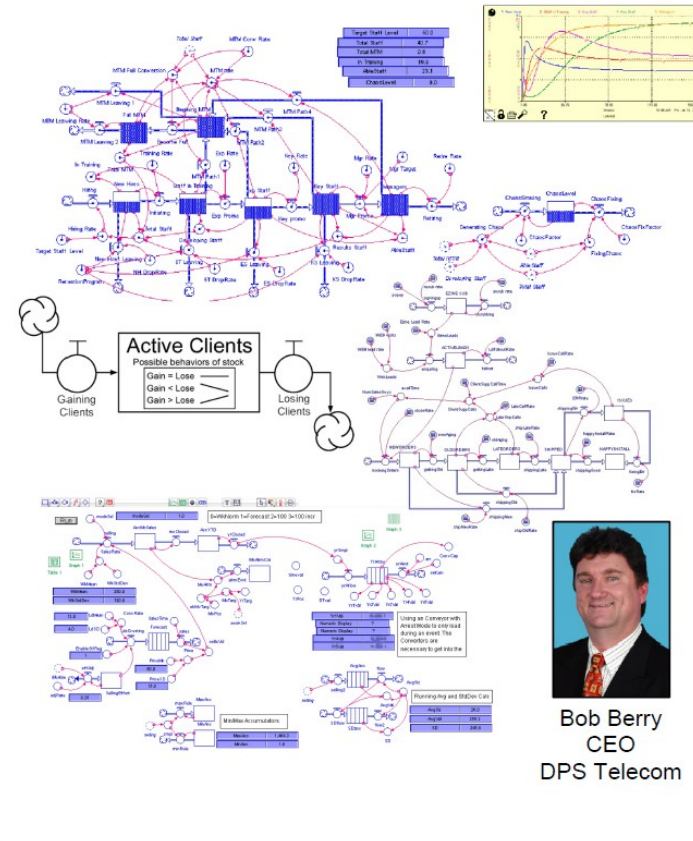
- Buy software – I use iThink.
- Read a couple of books on modeling.
- Model some simple systems.

CEO Modeling Process



1. Find a recurring problem. Draw a BRG.
2. Try to model it.
3. Attend a multi-day training course.
4. Lock yourself away, build model.
5. Share with team, any conclusions?
6. Design & execute action plan.
7. Annually, start over at Step 1.

How a CEO Can Create a Sustainable Competitive Advantage by Modeling the Company as a Dynamic System



Full paper &
this slide deck
available at:

www.AskBobBerry.com/model