

As exciting as this is, our business challenge is: How do we operate in this environment and live the vision of being the **most respected, dynamic** and **sustainable** global carbon black business yet most profitable? Said differently, in such a diverse environment, how do you define your business identity?

Here, I find it apt to quote from a very famous book *Competitive Strategy*, written by M. E. Porter in 1980, where he develops the idea that profitable and growing businesses are characterized by offering strong differentiation in only three clusters.

1. A company is a price leader, i.e., its products are always the lowest price on the market.
2. A company is a product leader, i.e., its products are the best, the coolest, the freshest and the fastest.
3. A company is a quality leader, i.e., its products are the most reliable, dependable, durable, responsible and sustainable.

After having spent time in order to understand what we wanted to be, and perhaps more

“...we needed to continuously work on being more and more the quality leader.”

importantly, what our customers wanted Birla Carbon Europe & Africa to be, we decided that we needed to continuously work on being more and more the quality leader. Now, to be clear, being the quality leader does not mean that you can let your cost get out of control and your product become obsolete. But it means that we want to be unbeatable in quality and service. This value proposition is what makes Birla Carbon unique, identifiable by our business partners, and universal in the context of our diversity.

Being a quality leader is a tough game. It involves crossing two elements and the avoiding the third pitfall:

- 1. Understand the elements that create quality in product and service, in the eyes of the customer.**
- 2. Create a relentless execution process, from the top down to all levels of the organization, focused on quality and service.**

The third pitfall is the belief that quality is costly. Sometimes people believe that they can do things less expensively if they cut corners on quality. The Hackett Group has developed very solid data that shows clearly that quality and cost are improved side by side. You cannot be cheap and have high quality; likewise, if you are high quality, you are typically low cost. In fact, “purposeful quality”, i.e., quality that matters to the customers, is about the relentless hunt for non-value-added activities, the ones that the customer does not want to pay for, and the stubborn quest for simplification. We call this *Shutting Down the Hidden Factories*.

The Management Culture and the Management Tools

Over the years, through intensive training and coaching, we have created a culture in the management teams of always asking the following questions, in order to discover hidden factories and assumptions:

“Why has it got to be so complicated?” and “How do you know that?” It typically takes five whys and three how’s to get to the bottom of things and be able to act and simplify processes. But culture without tools is incantation. So we measure all that we do. From customer satisfaction, to spares turnover, to lab test