



## Where is Your Chief Maintenance Officer (CMO)?

By Ralph W. "Pete" Peters, Founder/President

**C-Positions:** I am amused every time I hear another C-Position defined in the business media. We now have more "C-Positions" than we know the terms for; CEO, COO, CFO, CIO, CPO and CRO. However, there is an important one that is missing and that one is the Chief Maintenance Officer (CMO).

The evolution of the Chief Maintenance Officer (CMO) position must occur to provide leadership to physical asset management within large manufacturing operations. I sincerely believe that the real Maintenance Leaders will begin to emerge as Chief Maintenance Officers (CMO's) in the business world. This new staff addition of a CMO is desperately needed. The smart organizations will have someone near the top that is officially designated to ensure that physical assets are properly cared for.

I believe that the CMO will join the ranks of the CEO, COO, CFO and CIO in large multi-site manufacturing operations to manage physical assets. The real CMO's will manage and most importantly lead maintenance forward as a "profit center." A good CMO with "profit ability" will be in place to lead maintenance forward. A good CMO will help the CFO take the "right" fork in road as it relates to physical asset management and profitability. Regardless of the size of the operation, every manufacturing operation needs a CMO. For smaller operations, it might be a CMO equivalent; a maintenance manager or a maintenance supervisor that can really manage maintenance as a business and as an internal profit center.

**Profit Ability:** Leadership ability is an important personal attribute, but being in the "maintenance for profit business" also requires an important new type of ability; "profit ability". To lead maintenance forward we must learn from the leaders within the third party maintenance business. There are many good ones out there but one that I personally know about is Viox Services Inc., a Cincinnati based organization. Viox Services is a facility maintenance and management company that customizes and bundles services depending on the client's needs. Viox, a third generation family business, focuses on increasing the client's operational efficiencies, reducing the client's costs and achieving continuous improvement. They have the ability to focus on customer service, to develop skilled craft people to do the work and to produce measurable profits to both Viox and their customers.

This is an example of true "profit ability". Having a good CMO adds the missing link to achieving total operations success. Maintenance has rapidly evolved into an internal business opportunity and can almost now be stated financially correct as a true "profit center". The change from a "run to failure" strategy into a proactive, planned process for asset management requires a CMO with demonstrated technical and personal leadership. Plan on becoming the CMO within your operation regardless of your organizations size and your current level in your organization.

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**A Fundamental Lesson Learned:** I learned one very important lesson about maintenance and CMO's during my career of the past 35 years. CMO's do exist for sure in the US Army Corps of Engineers and they are quite effective. In my book Maintenance Benchmarking and Best Practices, I will tell you about five of the finest CMO's you could find and one extraordinary CEO. I found out very quickly about the importance of a CMO during my tour of duty in Vietnam in 1970-71 with direct responsibility for 72 Ford and GMC tandem, twenty-ton dump trucks of 1969 and 70 vintage. Twenty-four were driven by Vietnamese drivers and forty-eight by our men. Combat engineering and construction assets require very extensive and effective maintenance.

These "Yellowbirds" as they were called were big old yellow commercial truck in sea of Army green road construction equipment. As a twenty-something First Lieutenant, I talked to and listened very intently to our chief maintenance officer (CMO) at breakfast, noon and night. My company commander talked to our CMO and me at breakfast, noon and night about maintenance and our support to the road building mission of the 20<sup>th</sup> Engineer Brigade our highest headquarters. My commander and I listened, took notes and then took action on our CMO's technical advice for maintenance of the "Yellowbirds". We did what was required for maintenance excellence on engineer construction equipment and the mission of building South Vietnam's primary road system working 6 ½ days per week. That ½ day was Sunday IS before noon church services and our CMO was there looking at each and every truck just as he did on the other six days, to ensure Maintenance Excellence of our fleet.

The CMO in our case was our Chief Warrant Officer, CW3 Berry, a career maintenance professional and soldier in the United States Army, Corps of Engineers. We called him by either of his two first names: either Mister or Chief. When we called for him, we did not have to shout because he was always close by making sure mission-essential maintenance stayed as our top priority for survival and for building roads. Mister Berry could create a rain of terror in a lieutenant or platoon sergeant's mind for bad maintenance. He was a true CMO and highly respected by all in the unit.

Chief Berry was one of those top *people really interested in developing excellence* in maintenance And he did spread the attitude of PRIDE in Maintenance and PRIDE in Ownership to all officers, NCO's and most importantly to each Yellowbird driver. We completed an important engineering mission and survived building roads in Vietnam due to one of the U.S. Army's best maintenance professional as our CMO. Many other America soldiers in many other wars have lived through combat due to good maintenance, while some have died due to bad maintenance and not by the hand of the enemy.

Later on, I had the job as Company Commander of a direct support maintenance company in our battalion that provided maintenance to all other equipment. We maintained dozers, scrapers, graders, 5-Ton military dump truck, rock crushing plants, asphalt plants and the paving equipment in our engineer battalion. All except the Yellowbirds which Mister/Chief Berry and crew maintained. Here again I was blessed with not one but two CMO's with the same

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passion for maintenance excellence as CMO Berry. Maintenance responsibilities came very early for me but those three CMO's really made it happen along with a 6' 8" First Sergeant of about 50 years old. Some site, a 6'4" First Lieutenant saluting up to a 6'8" giant of a man.

**No Matter How Bad Something Is, It Can Always be Used as an Illustrative Bad Example:**

We all learn lessons either the hard way or the easy way. Therefore, bad examples are not wasted. I think we can learn important good lessons about maintenance the easy way by having an effective CMO. I think that a new breed of corporate officer will evolve. An effective CMO will be a firm requirement for organizational success. CMO's will take their place near the top with the CEO, COO, CFO, CIO and the corporate quality gurus. I think we will start to listen closely to the maintenance messenger, our CMO's.

**Do Not Shoot The Maintenance Messenger!:** We will not and we should not shoot the maintenance messenger. Many have been seriously wounded when they have tried to state the "true state of maintenance" within an organization. Manufacturing plant managers, CFOs, COO's, and VP of Manufacturing Operations who do not understand the true value of maintenance will continue to be the bad examples. The CMO's of successful organizations will have an important and unprecedented role in the success of their total operation.

**Avoid Managing the Status Quo:** The successful manufacturing company will have true Maintenance Leaders not managers of the status quo. The true Maintenance Leaders and CMO's of these successful companies will know the contribution to profit that their maintenance operations provide. They will view maintenance improvements as value-adding investments that provide a measurable return on investment. They will measure the results of the maintenance process whether it is internal or outsourced maintenance. They will validate the investments they have made just as they try to validate other return on investments. The CMO will be the true maintenance messenger!

**Maintenance as a Business:** The true CMO will also be the Maintenance Leader that understands how to operate the total maintenance process as an internal business within a business. They will be able to turn in-house maintenance into a profit center comparable to contract service providers. All true corporate leaders must strive to understand current and future trends, take action and proactively plan for the future of maintenance within their total operation.

**There Must be a Maintenance Champion!** The real Maintenance Leader readily accepts the role as champion for maintenance excellence. Likewise, integrity of purpose and the integrity of the maintenance champions must set an example for others in the organization to follow. Ralph Waldo Emerson said it very well when he remarked, "What you are thunders so loudly, I cannot hear a word you say to the contrary." Leadership by example and "walking your talk" is essential for the maintenance champion and all company leaders.

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**Cost of Deferred Maintenance:** The maintenance champion as CMO understands and can communicate the true cost of deferred maintenance as well as the cost of inadequate preventive/predictive maintenance. The CMO is prepared to provide proactive leadership and support to the company's compliance to regulatory issues. The real CMO must be prepared to take bad news about the true "state of maintenance" to company leaders with courage, confidence and most importantly with credibility.

**Team Work:** The effective CMO utilizes a true teaming process to bring maintenance, operations, and operators together to detect, solve, and prevent maintenance problems. The effective CMO will take the lead for implementing best practices such as an effective CMMS. They will work closely with information services staff and CMMS vendors over the long-term to make it work to enhance the business of maintenance.

**The CMO and PRIDE in Ownership:** The true CMO also encourages pride in ownership with equipment operators and maintenance as they do their part to fix and prevent maintenance problems through a cooperative team effort of operation-based maintenance. The CMO has the integrity and inspires individual integrity to the point that all employees do their jobs as if they too owned the company. Individual integrity includes pride in one's work no matter what the task.

An effective CMO can help your operation go beyond the bottom line to ensure long-term total operations success of the company and the maintenance process. What if the following headline and news clip appeared in a future Wall Street Journal or in the Harvard Business Review (HBR)?

### **"The Evolution of the Corporate Chief Maintenance Officer"**

"The time has come for CMOs to be a force in today's global economy and sit with the C-position team at the top. CEOs, COOs, CFOs and CIOs come and go with the musical chair game played by the board of directors. Chief Maintenance Officers are sitting at the right hand (or to the left of) the chief at annual stockholders' meetings. By the Year 2020, it is projected that CMOs will be leading 18 percent of the manufacturing companies within the Fortune 500. Small operations even have a CMO equivalent. What has sustained this evolution of the CMO to the center of attention? Is it *asset management* or *physical asset management*? Or is it the fact that *Maintenance is Forever*? The latest Fox News polls provide the answers to these questions which are..."

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**Have You Ever Had Future Shock?** HBR would be shocked if they had not gotten the inside scoop on this Orson Welles type headline. Is this headline really a hoax, an addendum to Alvin Tofler's 1970 book *Future Shock*? This hypothetical news clip is simply a description of what should be present in all major/minor corporations. But what do we see when we do word searches for the Harvard Business Review archive of articles, not free ones but all those for sale? It is very interesting to note that maintenance is still available as a hot new business topic for the Harvard Business Review. HBR does have a good article (for sale) on "How High is Your Return on Management"...but nothing on your return on maintenance.

**Take Action on This Question:** As a Maintenance Leader, you must take action to this key question: "If I owned my maintenance operation what would I do different to make a profit? Another question could be "How High is Your Return on Maintenance Management". If you begin to think like the chief maintenance officer, you will get others to think this way too. You will get more people thinking "profit and customer-centered. As each crafts person feels they own part of the business, you will experience a groundswell of profit ability. One very key part of this answer will be to get maximum value received from your information technology tools, your CMMS.

**Effective In House Maintenance Plus High Quality Maintenance Contractors:** Profit and customer-centered in-house maintenance in combination with the wise use of high quality contract maintenance services will be the key to the final evolution that occurs. There will be revolution within organizations that do not fully recognize maintenance as a core business requirement and have not established core competencies for it. The bill will come due for those operations that have subscribed to the "pay me later syndrome" for deferred maintenance.

For those operations that have gambled with maintenance and have lost, there may be little time left before profit and customer-centered contract maintenance provides the best financial option. However, I think that traditional thinking about maintenance has changed for the good and will change dramatically in the future. Whereby maintenance was once considered a "necessary evil", it is now mission essential. It is now being viewed as a key contributor to profit in a manufacturing operation and as a customer-centered within a service providing operation.

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