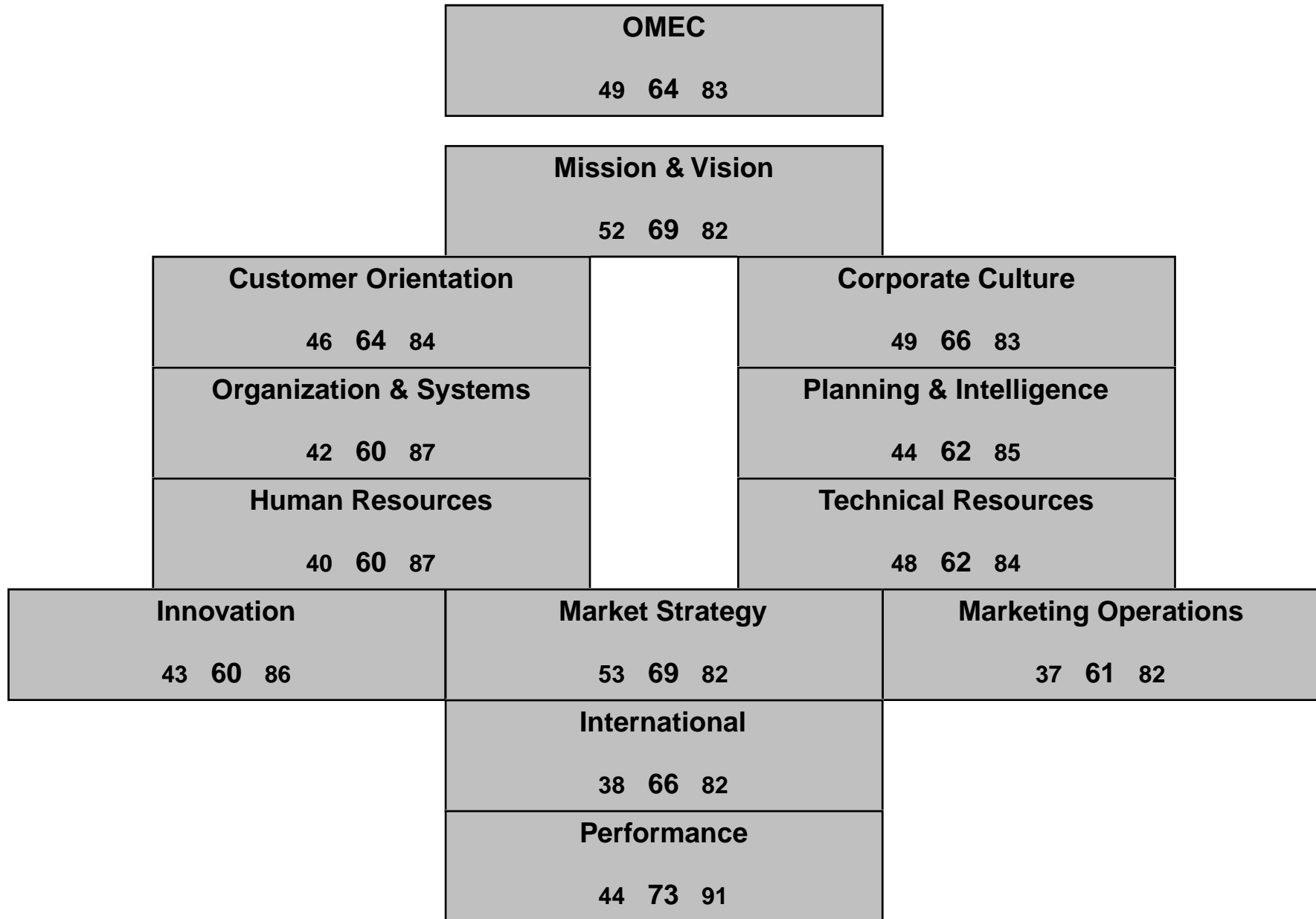


The Competitive Fitness of Global Firms Initiative
1998 Global Results

THE 1998 DASHBOARD OF GLOBAL FIRMS

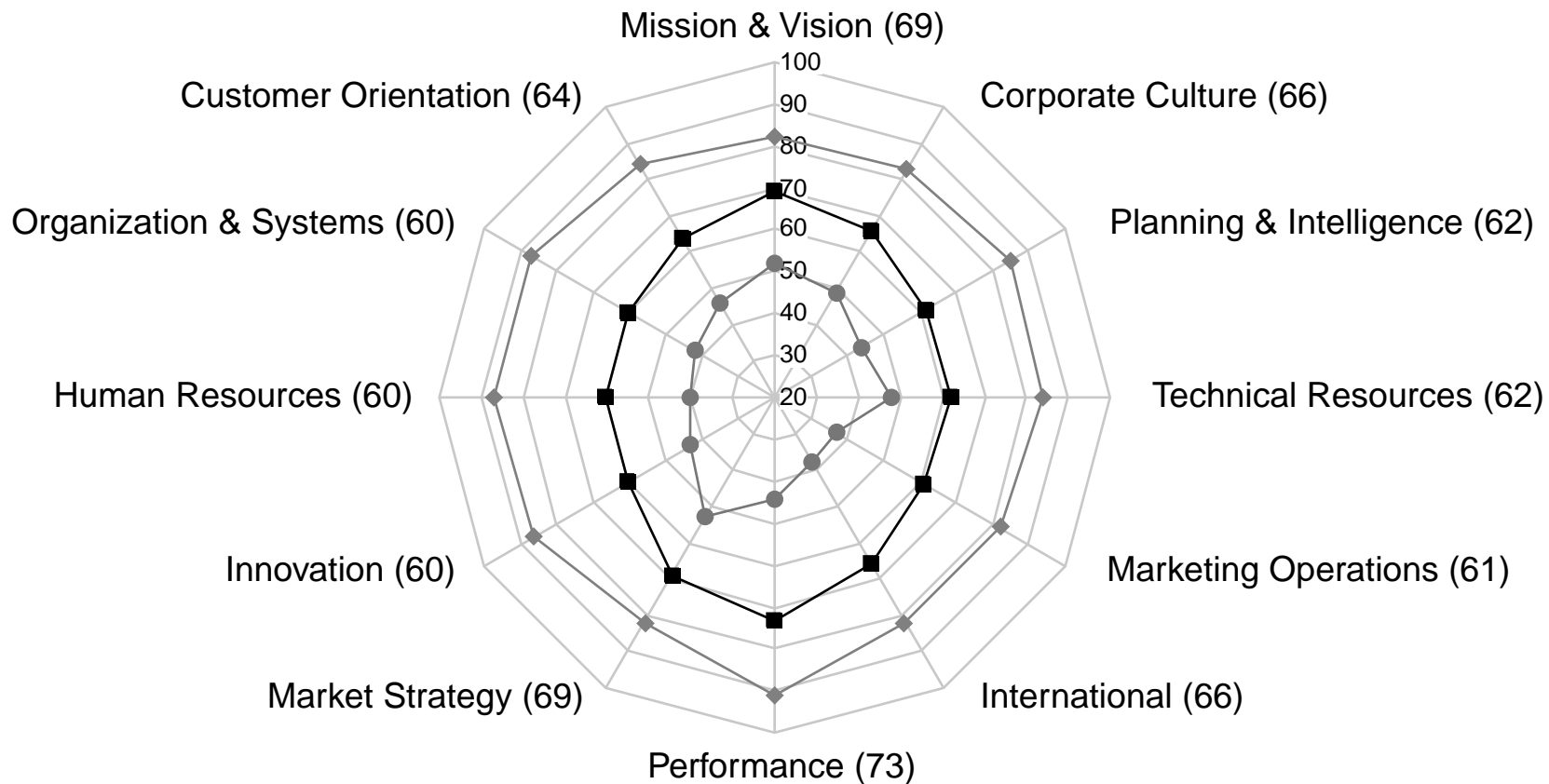


THE 1998 CAPABILITY PROFILE

■ Overall Average
● Lowest Rating for any Firm
◆ Highest Rating for any Firm

Values in brackets represents Overall Average.

Overall OMEC: 64



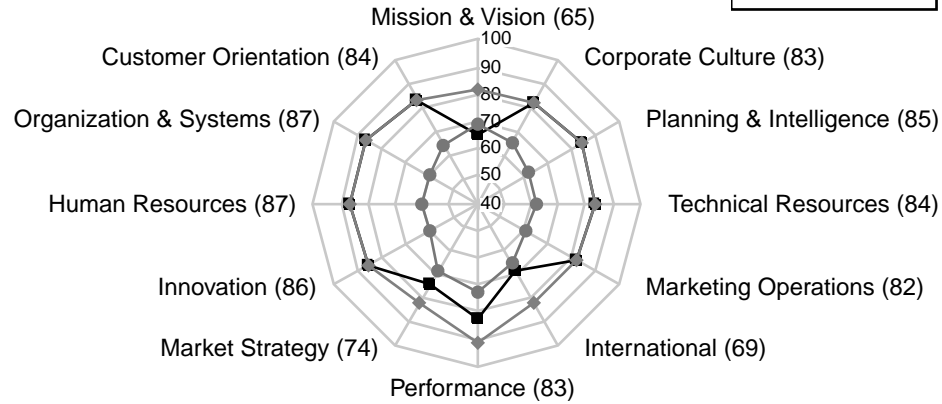
THE BEST OF BEST FIRMS IN GLOBAL

Firm Average
 Overall Average
 Highest Rating for any Firm

Values in brackets represent Firm Averages

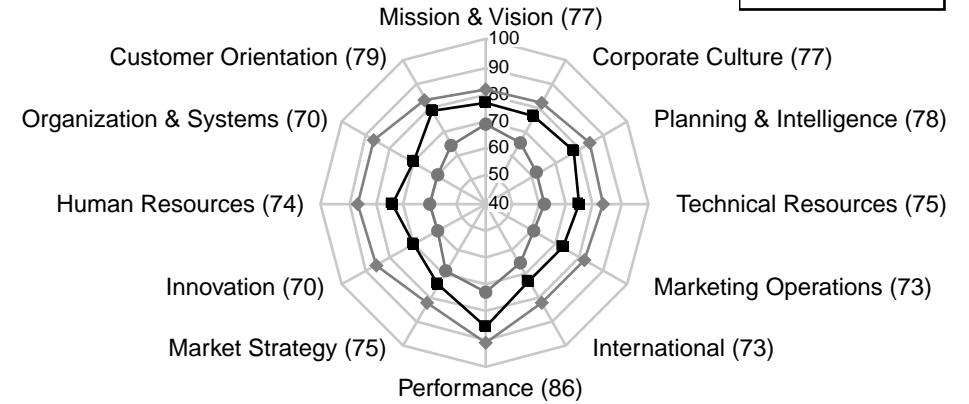
American International Group

Firm OMEC: 83



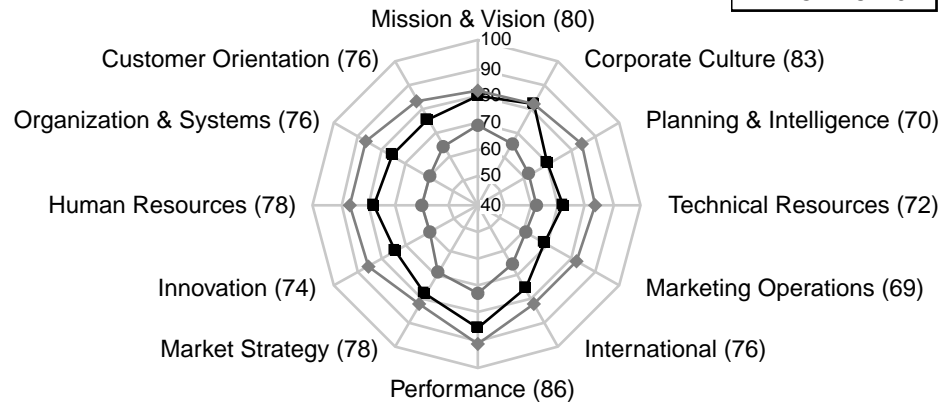
Heineken

Firm OMEC: 76



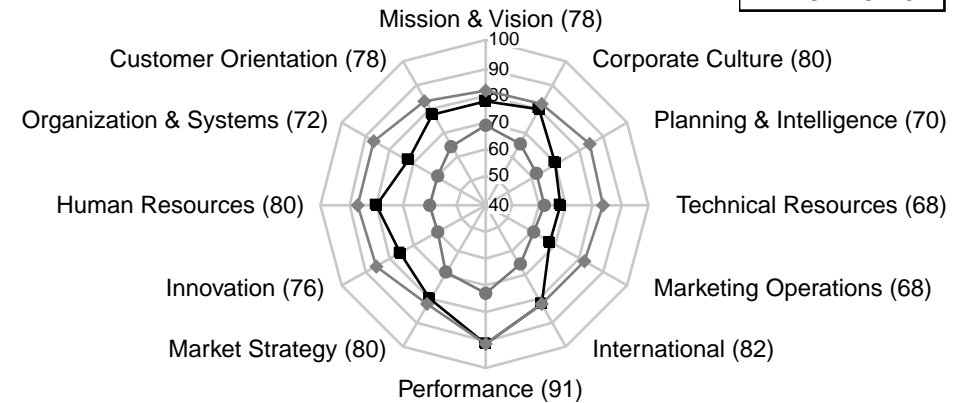
Hewlett-Packard

Firm OMEC: 76

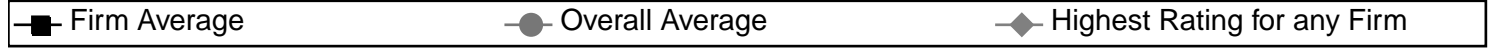


J.P. Morgan Chase

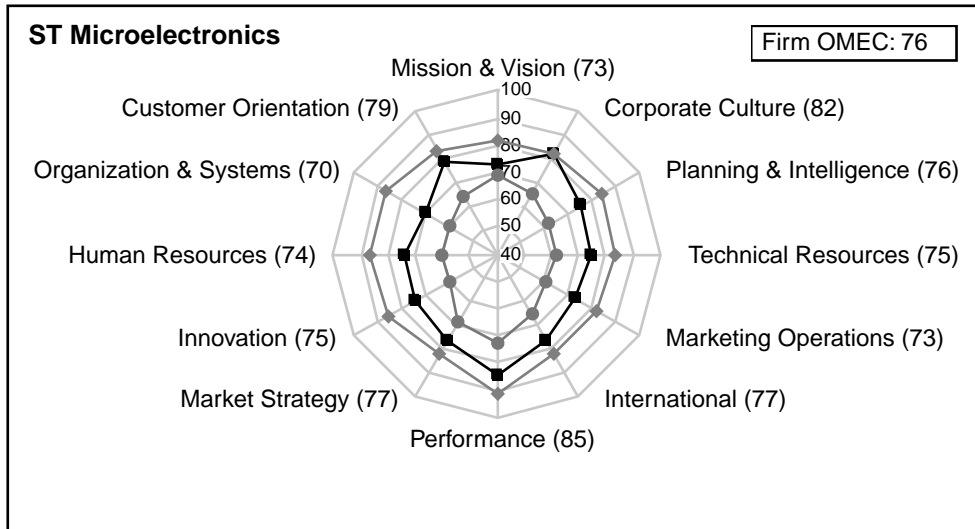
Firm OMEC: 76



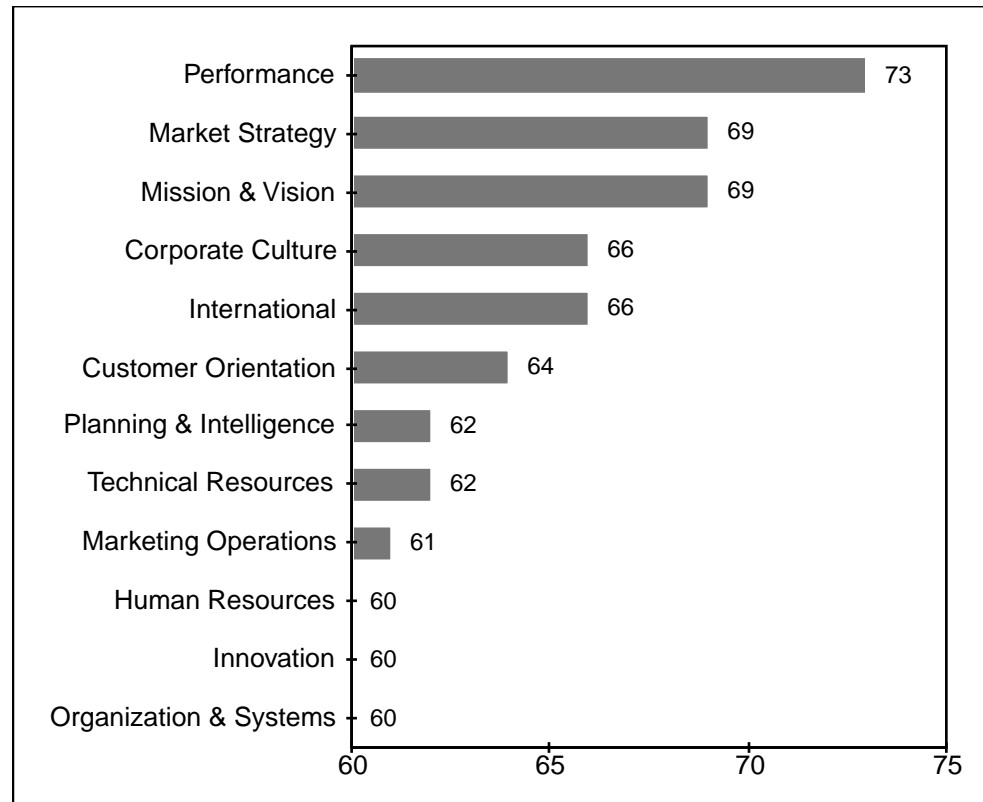
THE BEST OF BEST FIRMS IN GLOBAL



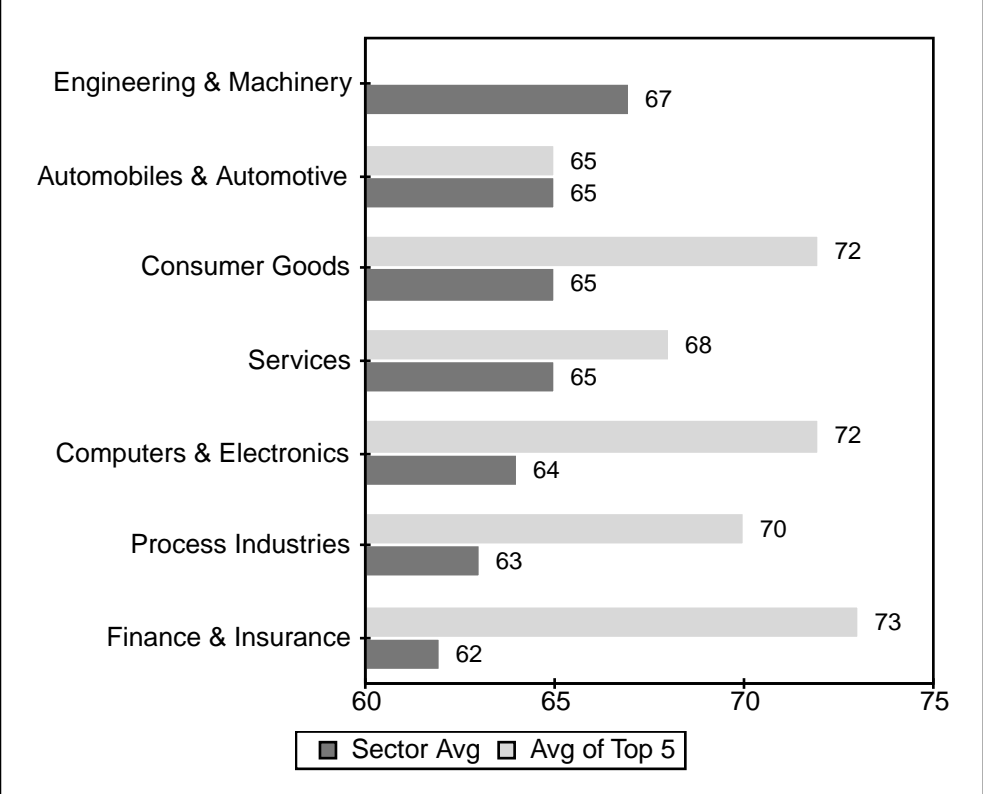
Values in brackets represent Firm Averages



OMEC CAPABILITY RATINGS



SECTOR AVERAGE VS AVERAGE OF TOP 5 FIRMS BY SECTOR



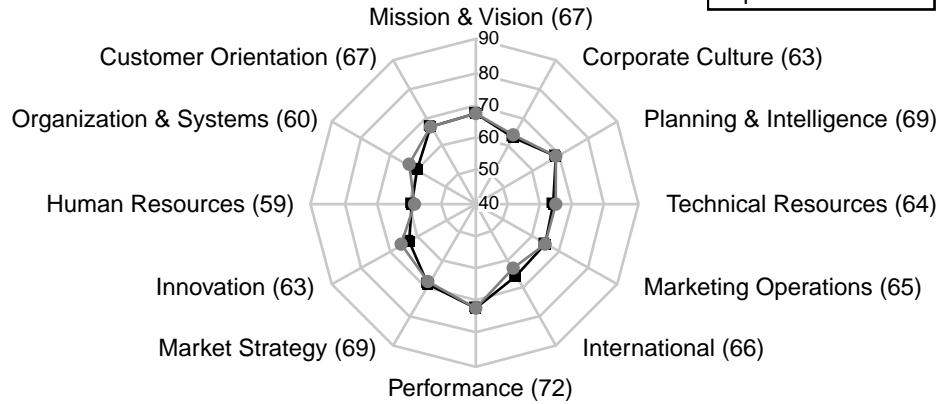
SECTOR TOP 5 AVERAGE VERSUS SECTOR AVERAGE



Values in brackets represent Top 5 Averages

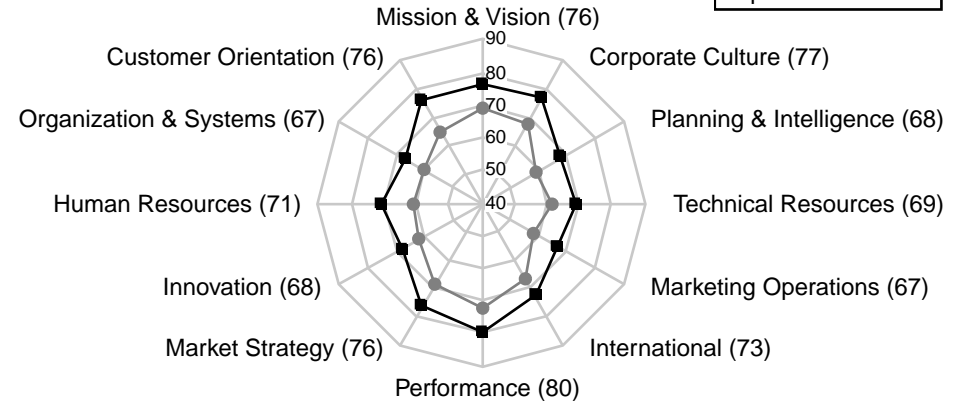
Automobiles & Automotive

Top 5 OMEC: 65



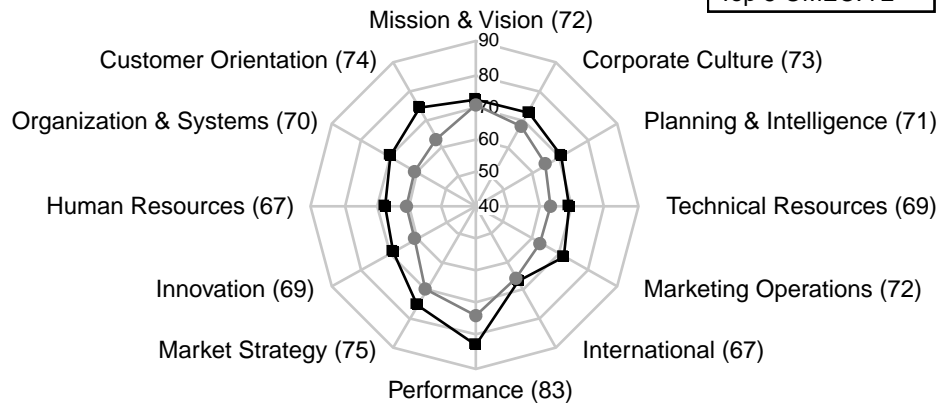
Computers & Electronics

Top 5 OMEC: 72



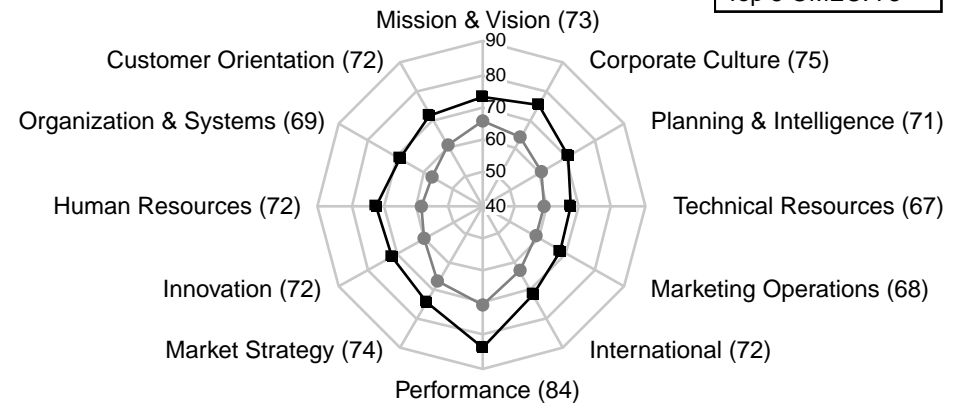
Consumer Goods

Top 5 OMEC: 72



Finance & Insurance

Top 5 OMEC: 73



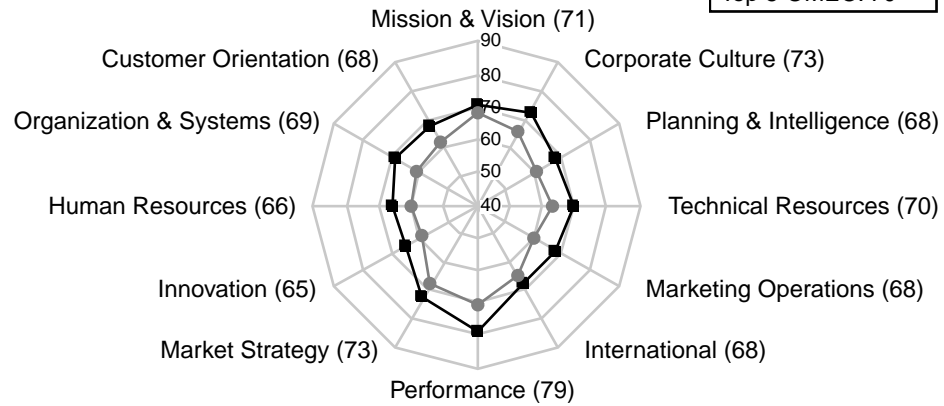
SECTOR TOP 5 AVERAGE VERSUS SECTOR AVERAGE

■ Sector Top5 Average ● Sector Average

Values in brackets represent Top 5 Averages

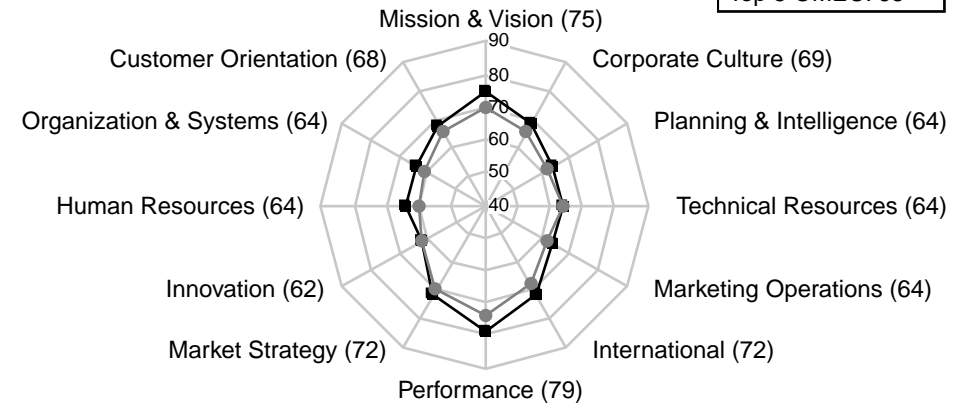
Process Industries

Top 5 OMEC: 70



Services

Top 5 OMEC: 68



THE BEST FIRMS IN GLOBAL STUDY 1998

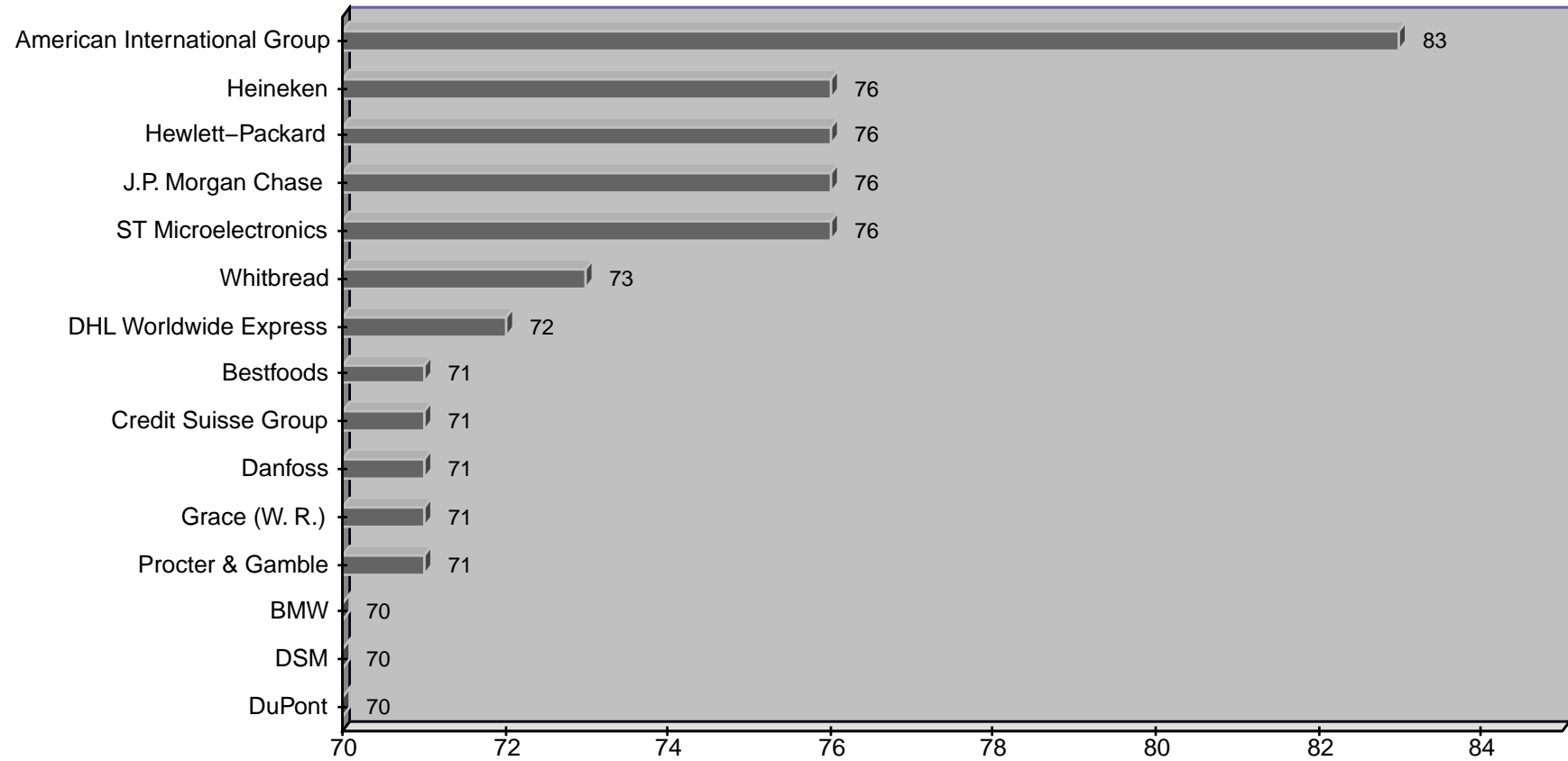
| 1998 OMEC Rating | Firm | 1998 OMEC Ranking | Sector | 1998 Sector Ranking |
|------------------|------------------------------|-------------------|--------------------------|---------------------|
| 83 | American International Group | 1 | Finance & Insurance | 1 |
| 76 | Heineken | 2 | Consumer Goods | 1 |
| 76 | Hewlett-Packard | 2 | Computers & Electronics | 1 |
| 76 | J.P. Morgan Chase | 2 | Finance & Insurance | 2 |
| 76 | ST Microelectronics | 2 | Computers & Electronics | 1 |
| 73 | Whitbread | 6 | Consumer Goods | 2 |
| 72 | DHL Worldwide Express | 7 | Services | 1 |
| 71 | Bestfoods | 8 | Consumer Goods | 3 |
| 71 | Credit Suisse Group | 8 | Finance & Insurance | 3 |
| 71 | Danfoss | 8 | Computers & Electronics | 3 |
| 71 | Grace (W. R.) | 8 | Process Industries | 1 |
| 71 | Procter & Gamble | 8 | Consumer Goods | 3 |
| 70 | BMW | 13 | Automobiles & Automotive | 1 |
| 70 | DSM | 13 | Process Industries | 2 |
| 70 | DuPont | 13 | Process Industries | 2 |
| 70 | L'Oreal | 13 | Consumer Goods | 5 |
| 70 | Volkswagen | 13 | Automobiles & Automotive | 1 |
| 69 | Exxon Mobil | 18 | Process Industries | 4 |
| 69 | General Motors | 18 | Automobiles & Automotive | 3 |
| 69 | Schneider | 18 | Computers & Electronics | 4 |
| 69 | Unilever | 18 | Consumer Goods | 6 |
| 69 | Xerox | 18 | Computers & Electronics | 4 |
| 68 | British Airways | 23 | Services | 2 |
| 68 | British Telecom | 23 | Services | 2 |
| 68 | Henkel | 23 | Consumer Goods | 7 |
| 68 | ING Group | 23 | Finance & Insurance | 4 |
| 68 | Monsanto | 23 | Process Industries | 5 |
| 68 | Philips Electronics | 23 | Computers & Electronics | 6 |
| 67 | Groupe SEB | 29 | Computers & Electronics | 7 |
| 67 | Lucent Technologies | 29 | Computers & Electronics | 7 |

THE BEST FIRMS IN GLOBAL STUDY 1998 (CONTD.)

| 1998 OMEC Rating | Firm | 1998 OMEC Ranking | Sector | 1998 Sector Ranking |
|------------------|------------------------------|-------------------|-------------------------|---------------------|
| 66 | Air Products & Chemicals | 31 | Process Industries | 6 |
| 66 | Citigroup | 31 | Finance & Insurance | 5 |
| 66 | Emerson Electric | 31 | Computers & Electronics | 9 |
| 66 | SairGroup | 31 | Services | 4 |
| 65 | E. ON | 35 | Process Industries | 7 |
| 65 | Fortis | 35 | Finance & Insurance | 6 |
| 65 | Imperial Chemical Industries | 35 | Process Industries | 7 |
| 65 | Moller (A.P.) | 35 | Services | 5 |
| 65 | Norsk Hydro | 35 | Process Industries | 7 |
| 65 | Royal Dutch/Shell | 35 | Process Industries | 7 |
| 65 | United Technologies | 35 | Engineering & Machinery | 1 |

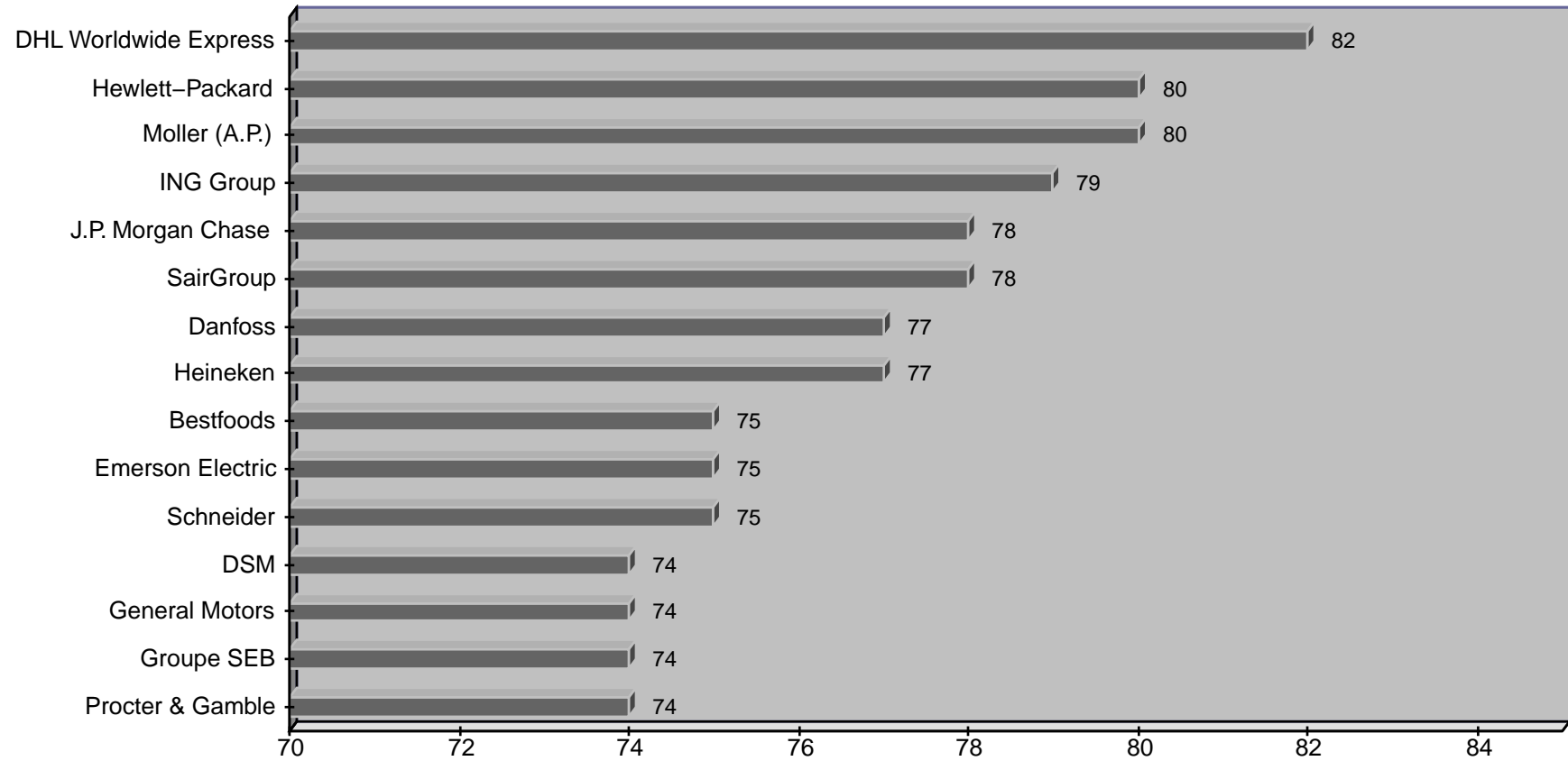
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

OMEC



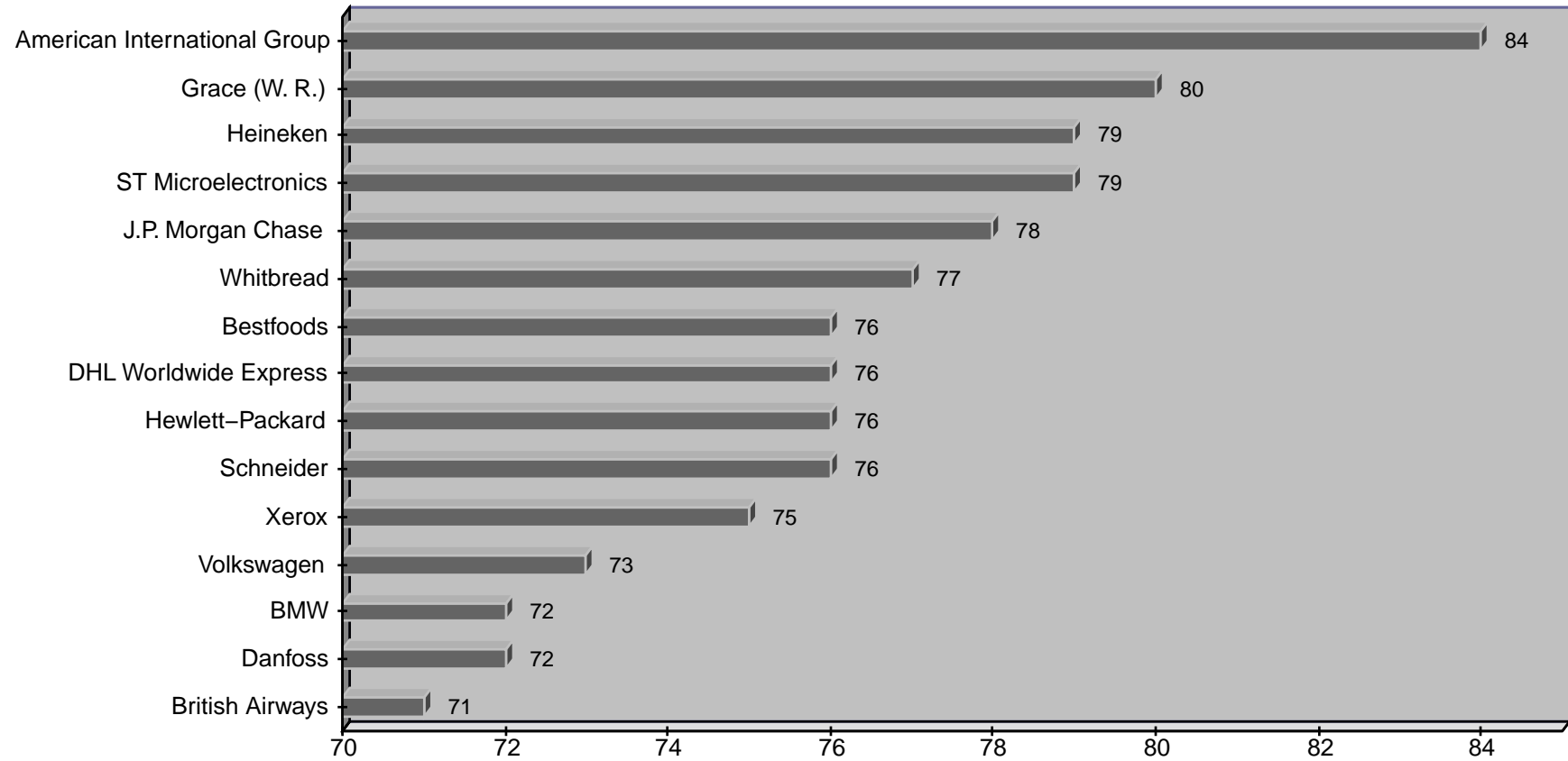
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Mission & Vision



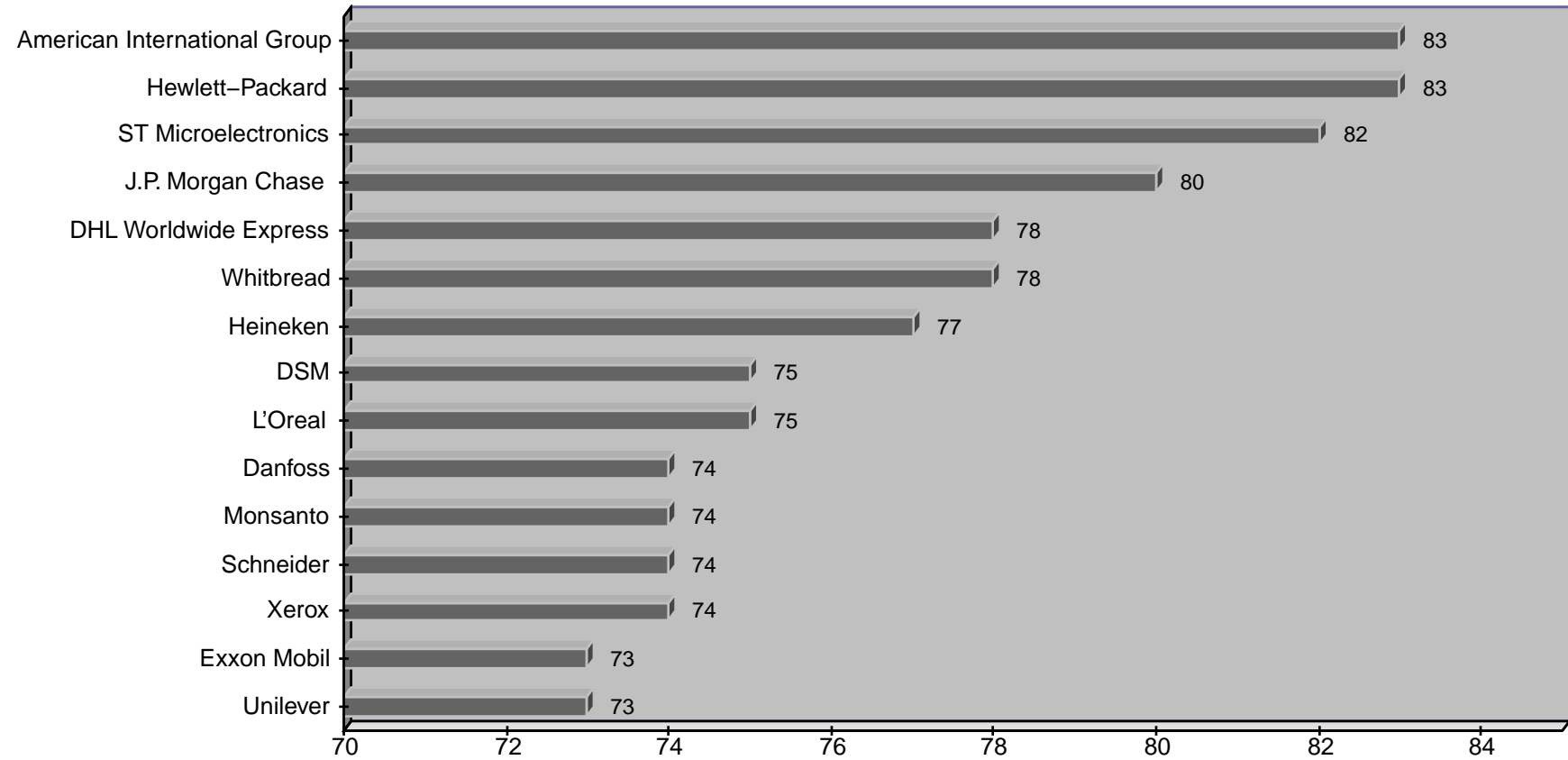
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Customer Orientation



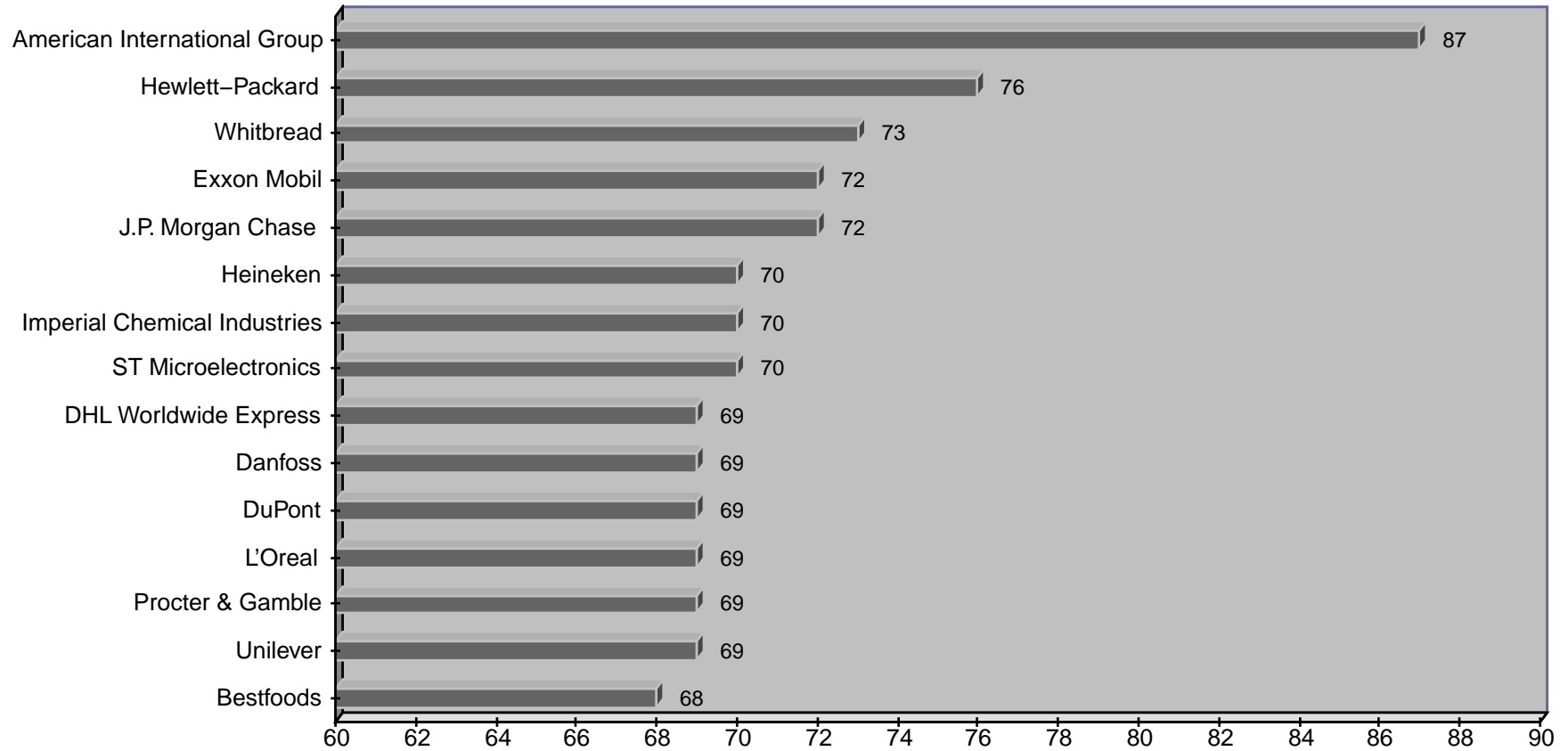
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Corporate Culture



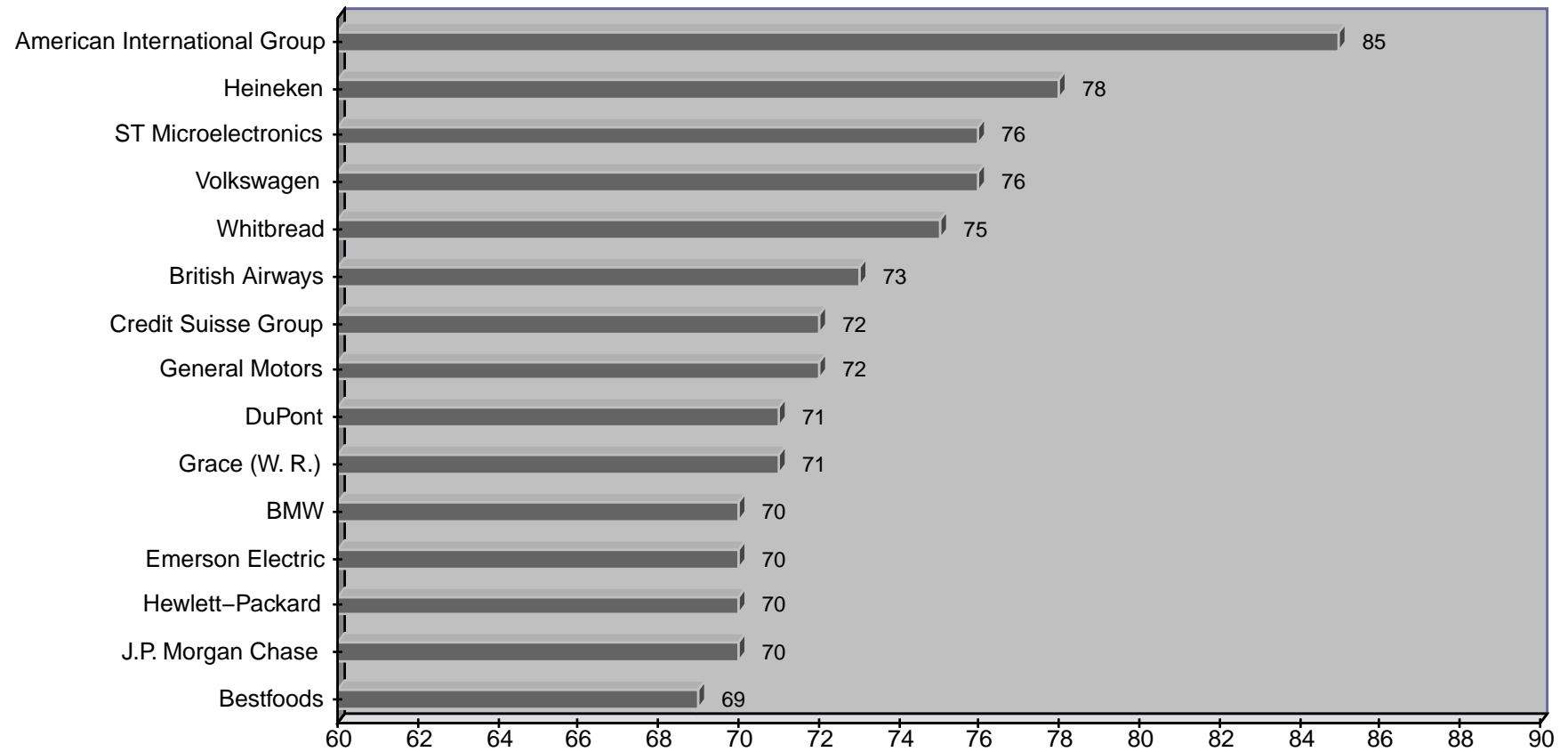
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Organization & Systems



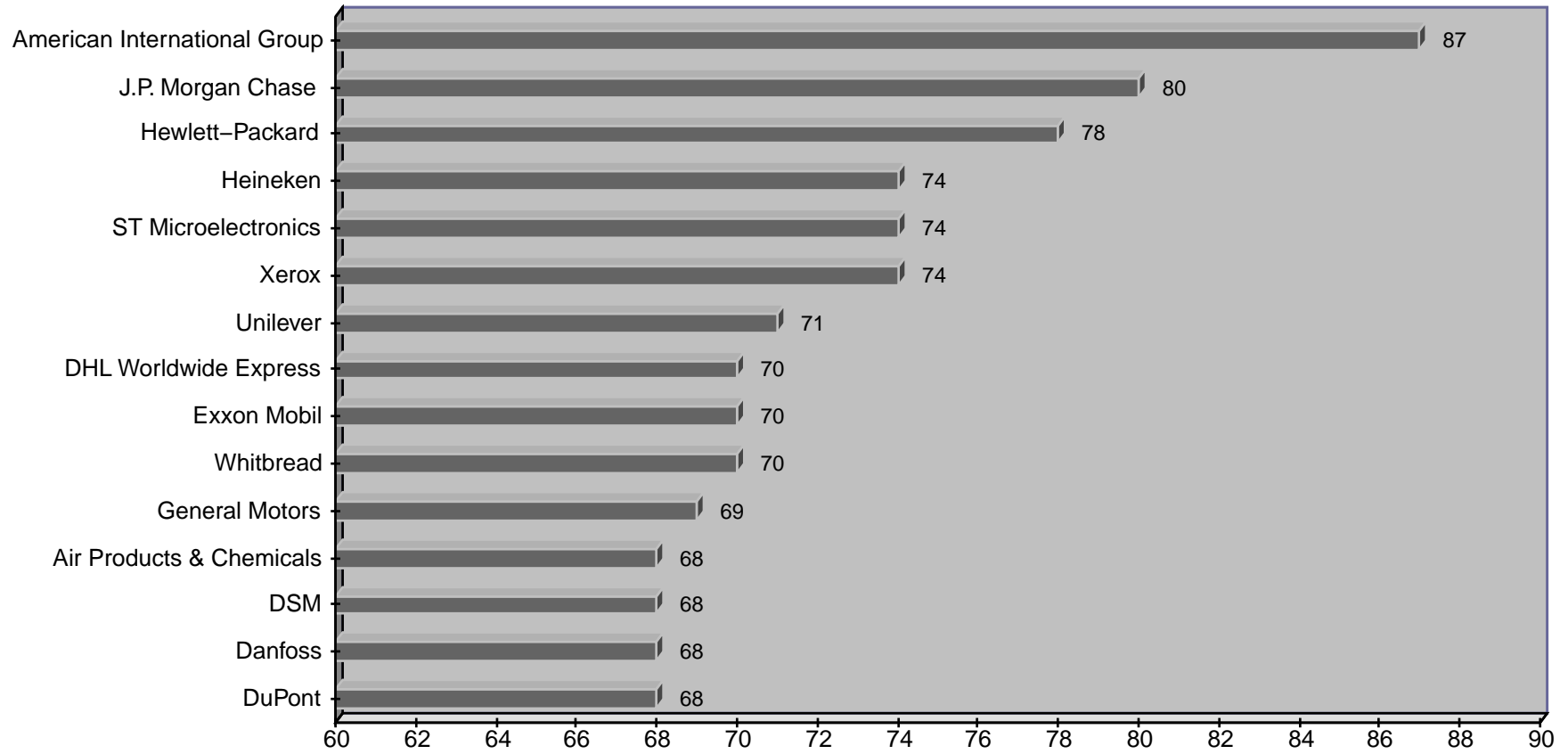
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Planning & Intelligence



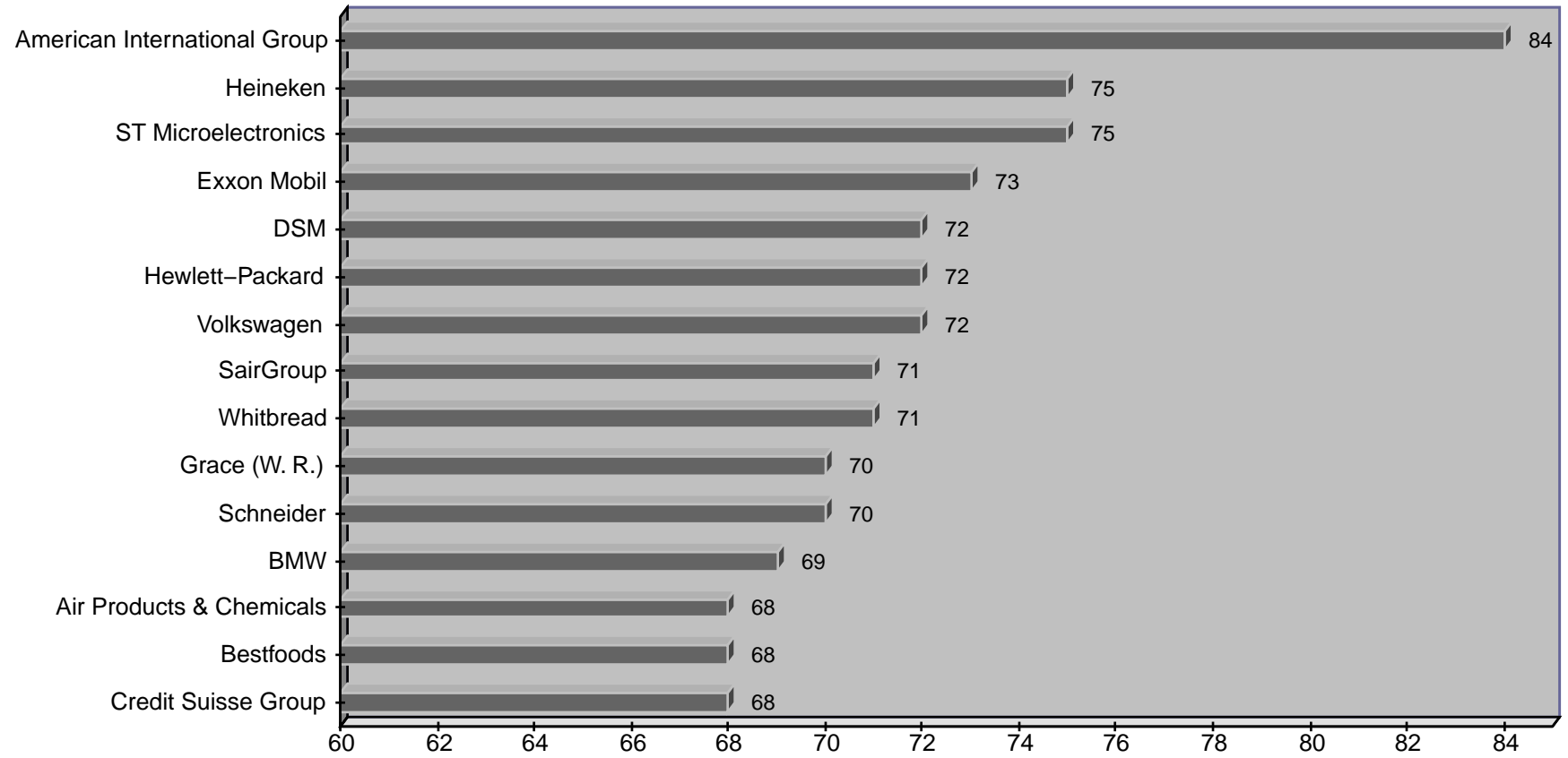
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Human Resources



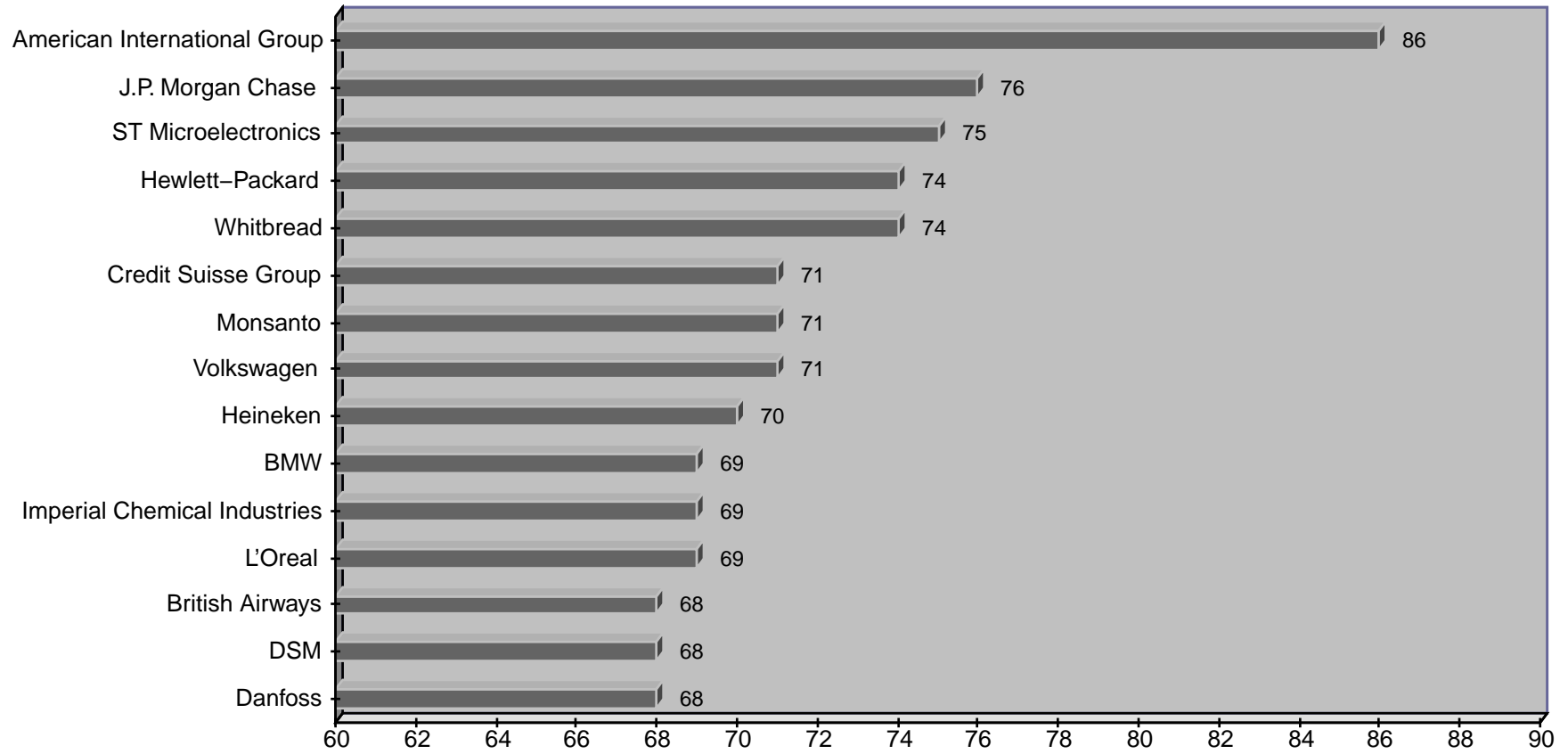
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Technical Resources



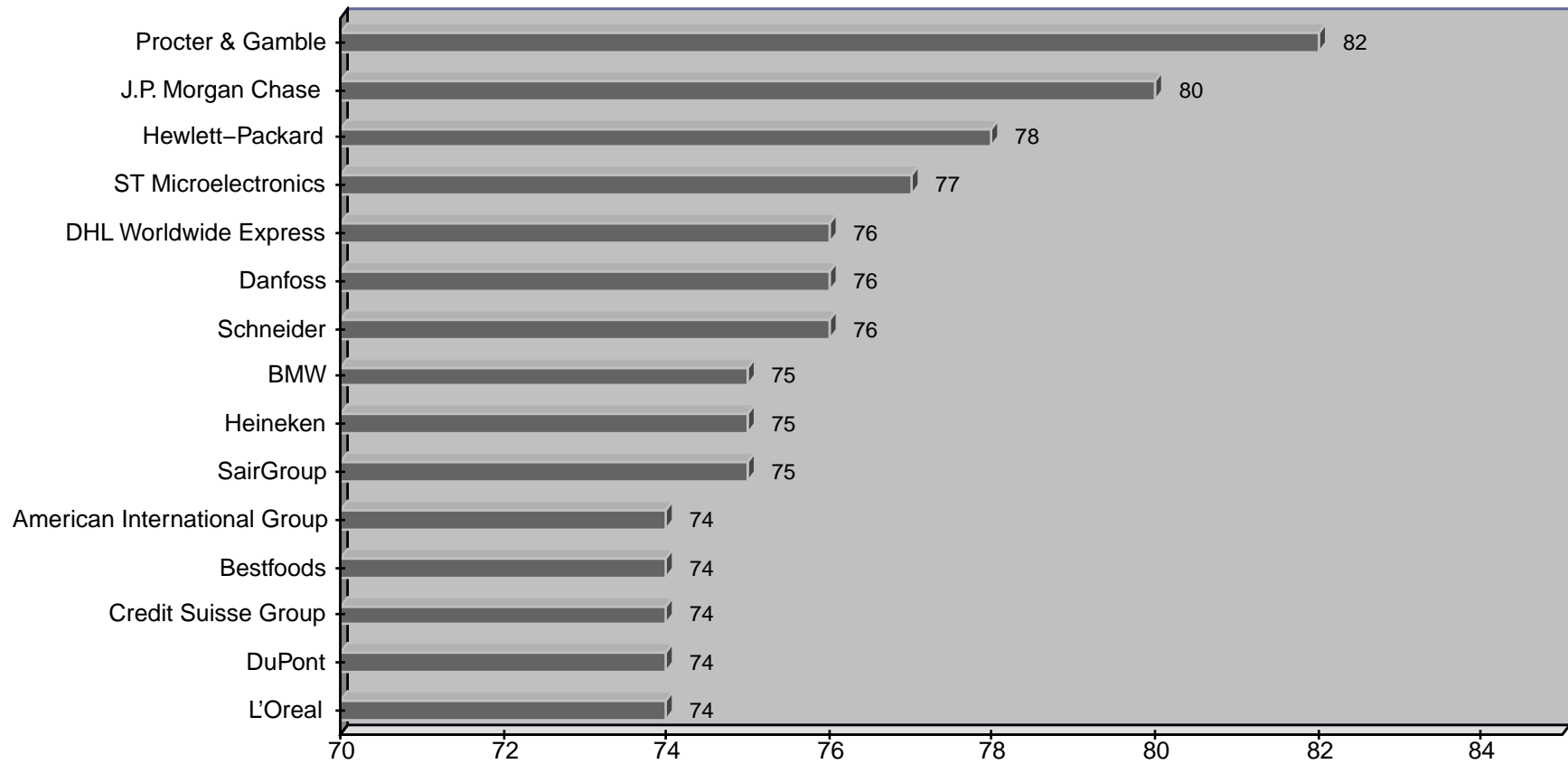
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Innovation



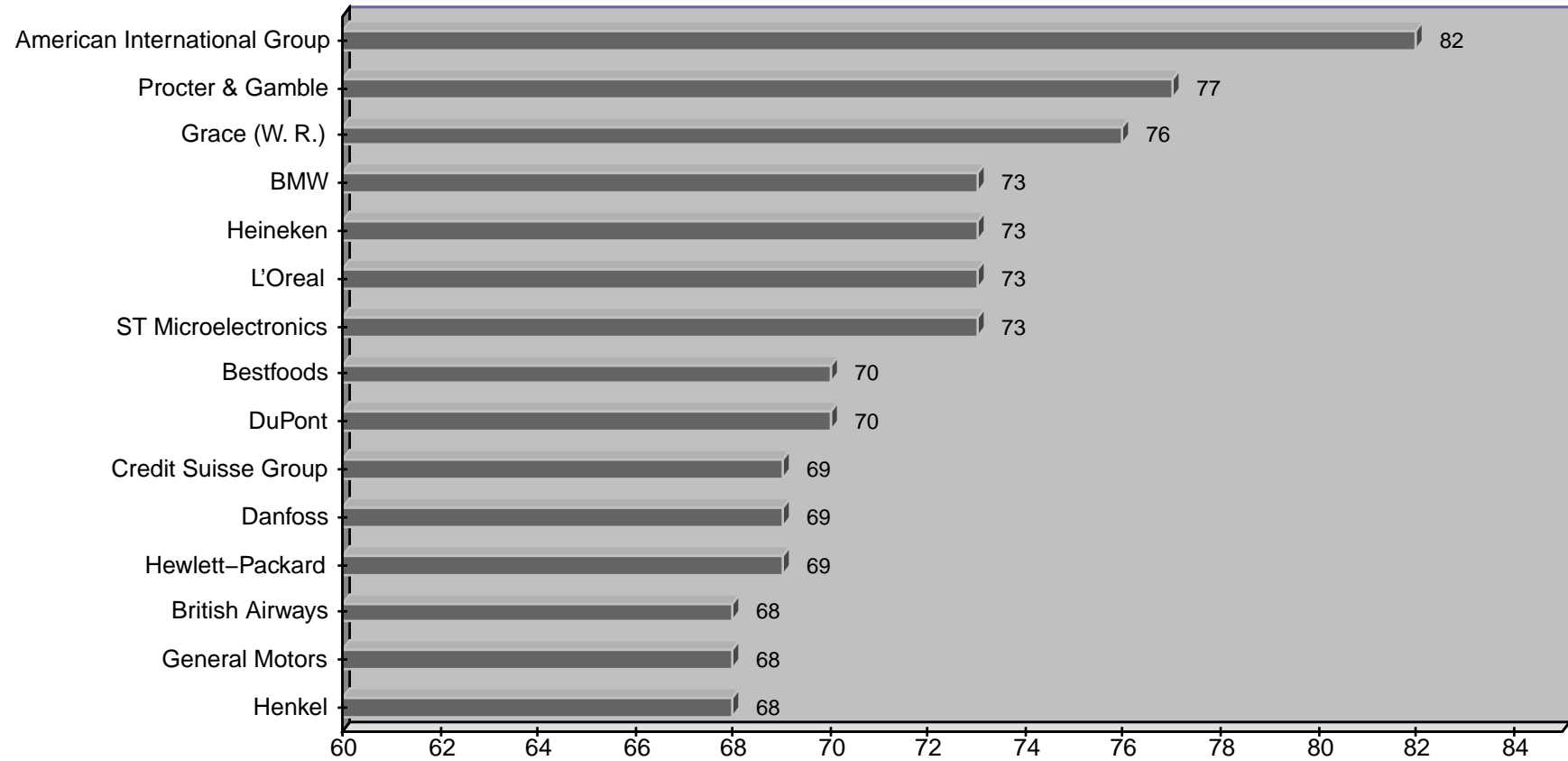
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Market Strategy



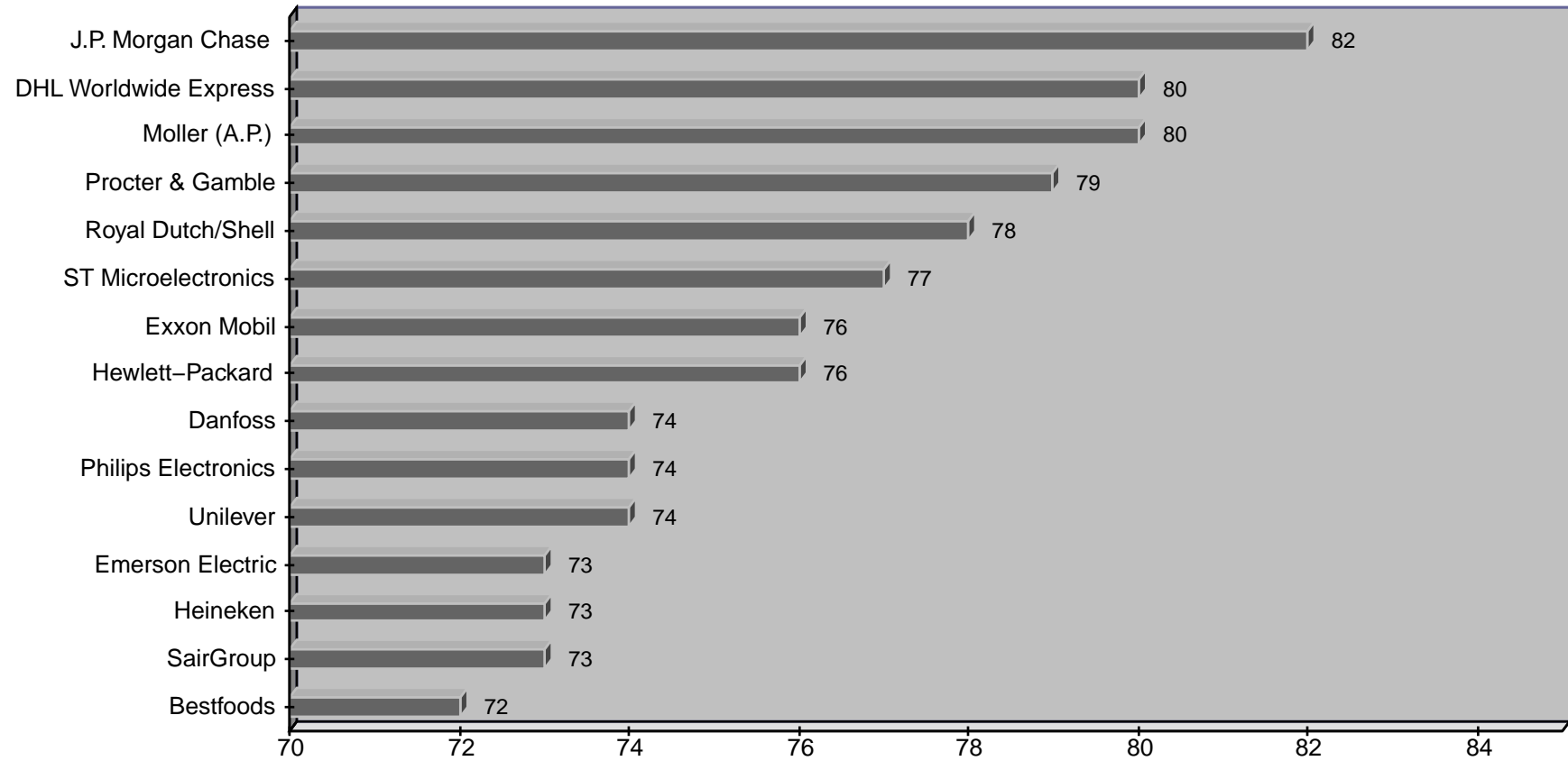
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Marketing Operations



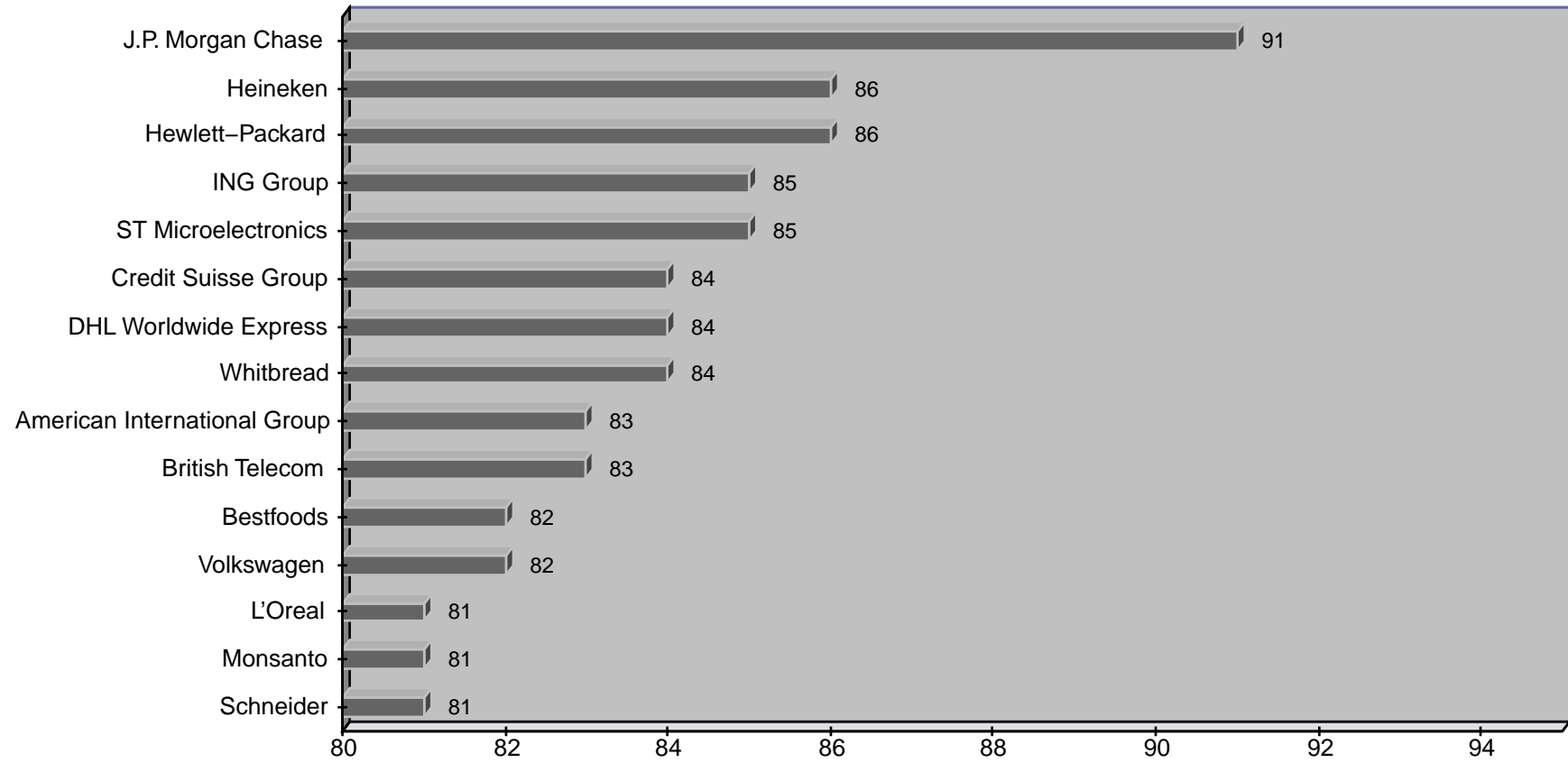
CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

International



CAPABILITY LEADERS IN CORPORATE COMPETITIVE FITNESS

Performance



INDICATORS OF CORPORATE COMPETITIVE FITNESS

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|--------------|---|--------------|---|--------|
| 1 | Future financial performance | 80 | - | - |
| 2 | Present financial strength | 79 | - | - |
| 3 | Availability of financial resources | 78 | - | - |
| 3 | Exciting workplace in future | 78 | - | - |
| 3 | Strong will to improve | 78 | - | - |
| 6 | Tracking of regulatory changes | 77 | - | - |
| 7 | Monitoring of results relative to plans | 75 | - | - |
| 7 | Focus on key countries | 75 | - | - |
| 9 | Market effectiveness as priority | 74 | - | - |
| 9 | Shared drive for improvement | 74 | - | - |
| 9 | Quality of products & services | 74 | - | - |
| 9 | Clear firm objectives | 74 | - | - |
| 13 | Expected future growth | 73 | - | - |
| 13 | Common organizational language | 73 | - | - |
| 13 | Employees proud of products offered | 73 | - | - |
| 13 | Monitoring of competitive activities | 73 | - | - |
| 17 | Delivering high quality products | 72 | - | - |
| 17 | Employee commitment | 72 | - | - |
| 17 | Confidence in firm's ability to improve | 72 | - | - |
| 17 | Social responsibility of firm | 72 | - | - |
| 17 | Quality of company image | 72 | - | - |
| 22 | Market segmentation strategies | 71 | - | - |
| 23 | Rationalizing product portfolio | 70 | - | - |

INDICATORS OF CORPORATE COMPETITIVE FITNESS (CONTD.)

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|-----------------|---|-----------------|---|--------|
| 23 | Confidence in actions for improvement | 70 | - | - |
| 23 | Focus on key products | 70 | - | - |
| 23 | Shared mission | 70 | - | - |
| 27 | Marketing actions in line with strategy | 69 | - | - |
| 27 | Passion for work | 69 | - | - |
| 27 | Demonstrated ability to adapt | 69 | - | - |
| 27 | Customers' needs as priority | 69 | - | - |
| 31 | Service recovery | 68 | - | - |
| 31 | Cooperation between Mktg. and Ops. | 68 | - | - |
| 31 | Balanced product portfolio | 68 | - | - |
| 31 | Managers' realism | 68 | - | - |
| 35 | Commitment to budget targets | 67 | - | - |
| 35 | Customer satisfaction top priority | 67 | - | - |
| 35 | Regularity of employee feedback | 67 | - | - |
| 35 | Present competitive position | 67 | - | - |
| 35 | Measuring customer satisfaction | 67 | - | - |
| 35 | Product performance information | 67 | - | - |
| 35 | Targeting of profitable segments | 67 | - | - |
| 35 | Strategic fit | 67 | - | - |
| 43 | Confidence in knowing how to improve | 66 | - | - |
| 43 | Effective long-term planning | 66 | - | - |
| 43 | Market share information available | 66 | - | - |
| 43 | Care of employees | 66 | - | - |

INDICATORS OF CORPORATE COMPETITIVE FITNESS (CONTD.)

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|-----------------|--|-----------------|---|--------|
| 43 | Existence of common culture | 66 | - | - |
| 43 | Complaints system | 66 | - | - |
| 43 | Customer orientation by competitors | 66 | - | - |
| 50 | Admired by others | 65 | - | - |
| 50 | Pursuing customer retention | 65 | - | - |
| 50 | Encourage employee contribution | 65 | - | - |
| 50 | Open communication | 65 | - | - |
| 54 | Understanding corporate challenges | 64 | - | - |
| 54 | Segment growth information available | 64 | - | - |
| 54 | Effective internal communication network | 64 | - | - |
| 54 | Teamwork between marketing and sales | 64 | - | - |
| 54 | Willingness to change | 64 | - | - |
| 54 | Effective supplier relationships | 64 | - | - |
| 54 | Cross-functional teamwork | 64 | - | - |
| 54 | Past intensity of new product intro. | 64 | - | - |
| 54 | Fairly priced products | 64 | - | - |
| 54 | Operational capacity | 64 | - | - |
| 64 | Sufficient marketing resources | 63 | - | - |
| 64 | Scoreboard monitoring | 63 | - | - |
| 64 | Coherence of strategy/planning budget | 63 | - | - |
| 64 | Past performance relative to competitors | 63 | - | - |
| 68 | Clarity of personnel policies | 62 | - | - |
| 68 | Collecting customer information | 62 | - | - |

INDICATORS OF CORPORATE COMPETITIVE FITNESS (CONTD.)

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|-----------------|--|-----------------|---|--------|
| 68 | Effectiveness of purchasing | 62 | - | - |
| 68 | Telephone operators | 62 | - | - |
| 68 | Clarity of structure and roles | 62 | - | - |
| 68 | Clear strategic direction | 62 | - | - |
| 68 | Understanding of strengths & weaknesses | 62 | - | - |
| 68 | Intl. input to product development | 62 | - | - |
| 68 | Firm's market influence | 62 | - | - |
| 68 | Pro-activeness of R&D | 62 | - | - |
| 68 | R&D effectiveness | 62 | - | - |
| 79 | Quality of managers | 61 | - | - |
| 79 | Future intensity of new product intro. | 61 | - | - |
| 79 | Recognition for marketing effectiveness | 61 | - | - |
| 79 | Team spirit | 61 | - | - |
| 79 | Environmental scanning | 61 | - | - |
| 79 | Entrepreneurial spirit of managers | 61 | - | - |
| 85 | New product development process | 59 | - | - |
| 85 | International market synergies | 59 | - | - |
| 85 | Awareness of market indicators | 59 | - | - |
| 85 | Benchmarking of competitive productivity | 59 | - | - |
| 85 | Clarity of mgt evaluation process | 59 | - | - |
| 85 | Awareness of customer needs | 59 | - | - |
| 85 | Cost competitiveness of firm | 59 | - | - |
| 85 | Effectiveness of recruitment process | 59 | - | - |

INDICATORS OF CORPORATE COMPETITIVE FITNESS (CONTD.)

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|-----------------|---|-----------------|---|--------|
| 93 | Market orientation of operations | 58 | - | - |
| 93 | Use of business consultants | 58 | - | - |
| 93 | Price competitiveness | 58 | - | - |
| 93 | Quality of marketing talent | 58 | - | - |
| 93 | Coordinated product management | 58 | - | - |
| 93 | Strength of sales force | 58 | - | - |
| 99 | Practicing innovative marketing | 57 | - | - |
| 99 | Strength of distribution | 57 | - | - |
| 99 | Not wasting resources | 57 | - | - |
| 99 | Resource allocation effectiveness | 57 | - | - |
| 99 | Diversity of recruitment | 57 | - | - |
| 99 | Speed of new product development | 57 | - | - |
| 99 | Cust. satisf. measures widely available | 57 | - | - |
| 99 | Product differentiation | 57 | - | - |
| 99 | Resource allocation criteria | 57 | - | - |
| 108 | Cost effectiveness of expenditures | 56 | - | - |
| 108 | IT for interaction | 56 | - | - |
| 108 | Managers' international experience | 56 | - | - |
| 108 | R&D and marketing coordination | 56 | - | - |
| 108 | Innovative customer communication | 56 | - | - |
| 108 | Competitive spirit of employees | 56 | - | - |
| 114 | Innovative drive | 55 | - | - |
| 114 | Speed of decision making | 55 | - | - |

INDICATORS OF CORPORATE COMPETITIVE FITNESS (CONTD.)

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|-----------------|---------------------------------------|-----------------|---|--------|
| 114 | New employee training | 55 | - | - |
| 114 | Fit of organizational structure | 55 | - | - |
| 114 | Effectiveness of market research | 55 | - | - |
| 114 | Quality of management training | 55 | - | - |
| 114 | Speed of response to market shifts | 55 | - | - |
| 114 | Evaluation of opportunities | 55 | - | - |
| 122 | Resource allocation process | 54 | - | - |
| 122 | Career development opportunities | 54 | - | - |
| 122 | Firm's agility over competition | 54 | - | - |
| 125 | International perspective | 53 | - | - |
| 126 | Multi-cultural management | 52 | - | - |
| 126 | Employees' sense of security | 52 | - | - |
| 126 | Lost customers tracking | 52 | - | - |
| 129 | Effective information systems | 51 | - | - |
| 129 | Support from headquarters | 51 | - | - |
| 129 | Use of market planning tools | 51 | - | - |
| 132 | Management presence in the field | 50 | - | - |
| 133 | Lifetime customer value | 49 | - | - |
| 134 | Benefits linked to market performance | 47 | - | - |

OPTIMAL INDICATORS OF CORPORATE COMPETITIVE FITNESS

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|--------------|--|--------------|---|--------|
| 1 | Firm's objectives | 59 | - | - |
| 2 | Product or service scope | 54 | - | - |
| 2 | Market share objective | 54 | - | - |
| 4 | Stability of top management | 53 | - | - |
| 4 | Concentration on key prod. or services | 53 | - | - |
| 6 | Autonomy of country managers | 52 | - | - |
| 6 | International scope | 52 | - | - |
| 8 | Market growth as criterion | 50 | - | - |
| 9 | Profit consciousness of employees | 49 | - | - |
| 10 | International product standardization | 47 | - | - |
| 11 | R&D spending | 46 | - | - |
| 12 | Pay variability with performance | 44 | - | - |
| 13 | Advertising expenditures | 43 | - | - |
| 14 | Innovative external partnerships | 42 | - | - |
| 14 | Marketing influence | 42 | - | - |
| 16 | Management training | 41 | - | - |
| 17 | International coordination | 38 | - | - |

EVALUATION OF FIRM'S PORTFOLIO OF GLOBAL ACTIVITIES

Ranking By 1998 Ratings

| 1998 Ranking | | 1998 Average | | Change |
|--------------|---------------|--------------|---|--------|
| 1 | North America | 55 | — | — |
| 2 | Europe | 52 | — | — |
| 3 | Latin America | 41 | — | — |
| 3 | Africa | 41 | — | — |
| 5 | Asia Pacific | 39 | — | — |