

Improvement Initiatives

MANAGEMENT NEWSLETTER

Quotable Quote:

"How wonderful it is that nobody need wait a single moment before starting to improve the world." - Anne Frank

August 2010

Defining Operational Excellence

by Kevin J. Duggan

Operational Excellence has not been an easy thing to define. The definition is vague at best. 'Doing things right the first time', 'using the latest tools for problem solving', 'providing perfect quality at the right time and the right price.' These all sound good, but absent from these definitions seems to be the practical side of what to do to accomplish this Nirvana.

Let's start our definition by asking some tough questions, starting with continuous improvement. Companies have done continuous improvement efforts for years. Kazien events, accelerated work teams, six sigma projects, and many more CI

programs have been around for quite a while. The tough question is: How do continuous improvement people know what to work on next?

The books Learning to See published by the Lean Enterprise Institute (www.lean.org) and [Creating Mixed Model Value Streams](#) published by Productivity Press (www.productivitypress.com), changed the way we thought about continuous improvement. Why? Because they answered the question, how do continuous improvement people know what to work on next by introducing the tool known as value stream mapping.

Here's the next tough question.

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Eight Principles of Operational Excellence

- Create lean value streams - Apply lean guidelines
- Make lean value streams flow – Paper to Performance
- Make lean value stream flow visual – See end to end flow
- Create standard work for the lean value stream – Everything is normal
- Make abnormal value stream flow visual – Flow is starting to break down
- Create standard work for abnormal value stream flow – self healing value streams
- Teach employees to maintain and improve the flow to customers – self improving value to the customer
- Free management and executives to work on offense – Growing the business

Leading Change

Know Your GPM. In engineering, gpm is gallons per minute, a design criterion. In Management GPM is an acronym for Goals, Plans, and Metrics. To achieve your goals, you must first determine what your **G**oals are. Then you have to develop a **P**lan that gets you to your goal. Finally you need **M**etrics (measurements) to know if you are moving toward your goal according to your plan

Leaders create change. If you lead, you will cause changes. Be prepared for them and their impact on people within, and outside, your group. If you are not making changes, you are not leading.

Change or Die. Your business must change to survive. As much as we wish it would, nothing stays the same. Some industries change faster than others. Some markets are more fixed. To stay in business, you need to watch both and change as they do, or before.

Learn from the mistakes of others. You can't live long enough to make them all yourself.

Learn more at:

www.management.about.com

Defining Operational Excellence (continued from page 1)

We have learned that lean is a never ending journey. It is about creating a culture that continuously seeks out and eliminates waste.

The question is: Where will your lean journey take you?

The answer to this question will accelerate your lean journey tremendously. Organizations that know where they are going will simply get there faster.

The lean journey will take you to Operational Excellence. It's that simple. That's where you are going; that's the direction in which you are heading if you are implementing lean. That's the destination. The key is knowing what Operational Excellence is so you can see the sign posts along the way. Operational Excellence needs to be defined in a way that applies to the top executives as well as the operators producing the product. The definition should be simple and understandable so everyone knows what it means and what they can do in their position to contribute to building it.

Here is the definition:

“Operational Excellence is when each and every employee can see the flow of value to the customer, and fix that flow before it breaks down”.

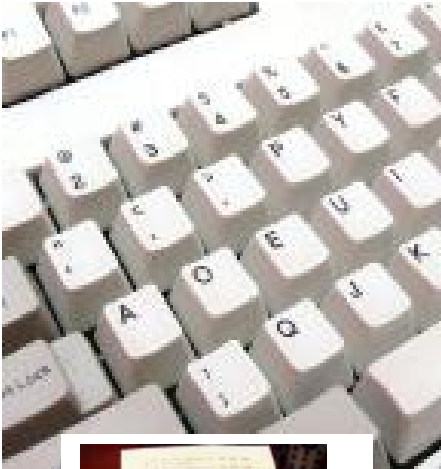
It's that simple. Clear, concise, and applicable at all levels of the organization. The real key in Operational Excellence is to create self-healing value streams. Value streams that do not need a doctor (a.k.a. management) to stitch them up when they break down. The simply fix themselves and the flow resumes. The result of this is employees who create and maintain a lean flow, while management focuses on offense, or growing the business.

For more information on defining Operational Excellence or to read about companies who have applied these principles, go to the 'ARTICLES' section of this website. The Institute for Operational Excellence offers a series of detailed classes on how to create Operational Excellence in your organization. We offer one day executive sessions to a full curriculum as well as hosting conferences for companies and their supply chains. For more information contact info@instituteopex.org

TEN TIME MANAGEMENT TECHNIQUES ...

1. **Don't leave email sitting in your in box.**
2. **Admit multitasking is bad.**
3. **Do the most important thing first.**
4. **Check your email on a schedule.**
5. **Keep web site addresses organized.**
6. **Know when you work best.**
7. **Think about keystrokes.**
8. **Make it easy to get started.**
9. **Organize your to-do list every day.**
10. **Dare to be slow (and right).**

Ed note: Best advice I can give; is working when no one else does; it gives the tranquility needed for getting things done, although it usually means less sleep.



Standard since 1873, the "QWERTY" keyboard positions the keys not for typing efficiency but to keep frequently used keys from jamming a mechanical typewriter. Seen a mechanical typewriter lately?



A much more efficient keyboard was invented by August Dvorak at the U. of Washington in Seattle in 1932. Studies have validated the Dvorak Simplified Keyboard (DSK) superiority but habits die hard.

Leading Change is not a spectator sport!

Whether you like to acknowledge or not that the leader makes the difference it is proven over and over. In the business world the companies that have amazing owners usually have amazing employees and give amazing customer service. They expect the best and they give it.

Then there are the businesses out there that have an owner that isn't as personable or is "hands off" and they might not have the best reputation.

You can usually tell when you work with a company and the employees, but another way to find out about different companies is to look at the reviews on the leadership of a company. This will tell you a lot about a company and what the end result could be of the type of service you could receive.

Contributed by:
[BMA Editorial Team A](#)

The Shingo Prize

The Shingo Prize for Operational Excellence is named for Japanese industrial engineer [Shigeo Shingo](#) who distinguished himself as one of the world's leading experts in improving manufacturing processes. Dr. Shingo has been described as an "engineering genius" who helped create and write about many aspects of the revolutionary manufacturing practices which comprise the renowned Toyota Production System.

The Shingo Prize was established in 1988 as the standard of excellence to educate, assess and recognize organizations that achieve the highest level of world-class operational excellence around the globe. The philosophy of The Shingo Prize is that sustainable results are achieved through the application of universal, self-evident principles of operational excellence and the alignment of management systems and improvement techniques throughout an entire organization. The Shingo Prize is administered by the Jon M. Huntsman School of Business at Utah State University.

The Shingo Prize recognizes organizations and research that is consistent with its [mission and model](#) with the following recognition programs:

- [The Shingo Prize](#) - promotes use of world-class operational excellence strategies and practices to achieve world-class results in business and public sector/government owned facilities.
- [Research Prize](#) - promotes research and writing regarding new knowledge and understanding of operational excellence.

**Let's ask the experts . . . As an Organizational Change Practitioner,
what is the single most important thing you've learned?**

"To Listen. Actively!"



[Luiz Botelho](#)

International Senior Management Consultant / Change Manager / Coach / Speaker

"Change is mainly about people. No matter what tools, techniques and theory you use in attempts to manage change, open your mind and listen to people as they often have the answers themselves. Their ideas may not fit with your ideas, theories etc but give it a go. Learn that you never stop learning (unless you stop trying something new)."



[Mark Grimshaw](#)

Management Consultant

"Never underestimate the power of informal networks. Change practitioners often use the term "buy-in" to describe an objective of stakeholder management, I discarded that term years ago and replaced it with commitment. Internal networks can "buy-in" to just about any reasonable idea. When asked to "fully commit" and assume accountability for the intended change, the dynamic changes. Work hard to understand the informal power networks and gain their commitment early and often."



[Bob Caruso](#)

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Off the page ...

Susan Rider, president of Upton, KY-based operations consultancy Rider & Associates, discusses ...

Is operational excellence an illusive dream? I think not, but it is a definite commitment of time and talent every day. Below are four steps that will help you achieve this goal.

Communicate

As in every part of your life, communication is essential. Supply chain communication across your network can make the difference on whether you achieve a good result or bad.

Train

Another common problem is quality training or the lack of training. The typical large distribution center has a 40% turnover rate per year. Depending on geographic location, it could be more. A good training program is essential and could increase productivity 10%-20%.

Know your operation

Start by going through a process flow mapping and then audit the process. Are these steps occurring in the warehouse? Have associates created a more efficient work-around? Now look at each component: is there a better way of doing this task? How can you reduce walk time or touches out of each component? Would an investment in equipment or technology reap big returns in any step?

Then map the process to key performance indicators. Evaluate your metrics compared to others in like industries. What gets measured gets noticed!

Improve internal service

Every department needs to know who their customers are and communicate with them. Survey them and find out how your support teams can better serve them. This will increase productivity. For instance, IT, maintenance, and human resources are suppliers to operations. If IT doesn't support with good systems or a fault tolerance plan, operations will fail. If maintenance doesn't maintain a sorter and it goes down, operations fail.