

# Improvement Initiatives

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FREE NEWSLETTER

June 2009



## It's Always Sunny in Phoenix... *(and Product and Process Improvement is Hot!)*

by Jay Watson

**Q:** Besides metropolitan Phoenix, Arizona USA

- What do these organizations promoting operational excellence have in common?

**A:** *"Their business is improving!"*

The granddaddy Six Sigma firm of them all is located in Scottsdale, AZ – today [with Lean integration] known as **SSA and Company**. It was founded as the "Six Sigma Academy" in 1994 by the progenitors of the Six Sigma revolution at Motorola. Dr. Mikel J. Harry has returned as Chief Knowledge Officer.

SSA & Company

15210 N. Scottsdale Road, Suite 250

Scottsdale, Arizona 85254

**Tel:** 1-480-515-9501

**Website:** [www.ssaandco.com](http://www.ssaandco.com)

Founded by "Lean Guru," Massaki Imai the father of continuous improvement - **The Kaizen Institute** is a global organization that provides consulting services to companies represented in Europe, Asia-Pacific, Africa, and America. It also has offices in Scottsdale servicing the US, Mexico, and Canada. By January of 2009, the Kaizen Institute had merged with Lean Advisors of Ottawa.

**Tel:** 1-480-285-3535

**Website:** [www.leanadvisors.com](http://www.leanadvisors.com)

**Six Sigma Qualtec** is a premier provider of performance improvement solutions that drive measurable financial results. Six Sigma Qualtec will help you to develop and execute performance improvement initiatives that will accurately identify and deliver the products and services your customers value most. SSQ helps companies worldwide to measure, manage, and improve their performance with a combination of consulting, training, and technology.

SSQ

1295 West Washington Street, Suite 208  
Tempe, Arizona 85281

**Tel:** 1-480-586-2600

**Website:** [www.ssqi.com](http://www.ssqi.com)

In Arizona, **Accenture** serves clients in the region's major industries, including some of the largest and most-respected companies and state agencies. Across the United States and globally, Accenture provides consulting, technology and outsourcing services to 96 of the *Fortune* Global 100. Accenture acquired George Group in 2007. The people and expertise of George Group are now at the core of a new service line —

[Process & Innovation Performance](http://www.accenture.com/Countries/USA/About_Accenture/ArizonaPhoenix.htm)

**Tel:** 1-602-337-4000

**Website:**

[www.accenture.com/Countries/USA/About\\_Accenture/ArizonaPhoenix.htm](http://www.accenture.com/Countries/USA/About_Accenture/ArizonaPhoenix.htm)

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## Personal Productivity

[www.ehow.com](http://www.ehow.com)



**Track It** - Keep a daily log of your activities for two weeks. Once you have done this, determine which things are essential and which things are not.

**Prioritize** - Break your essential tasks into three categories; Urgent, Vital, and Important. Perform your open tasks according to how important they are. Increasing your personal productivity means making choices on how to use your available time.

**Delegate** - Ask yourself if someone else could do the tasks for you.

### Stop Making New Commitments

If you are having trouble keeping the commitments you have already made, stop making new ones until you are caught up.

**Relax and Enjoy Life** - As I see it, you are trying to increase your personal productivity in order to accomplish something. What is it that you are trying to do - Have more time with your family? Make more money online? Whatever it is, you need to remember to stop and have fun along the way.

Life is a journey, as well as a destination.

## It's Always Sunny in Phoenix ... and Improvement is Hot!

Locally, the **Arizona Quality Alliance (AQA)** provides information and opportunities necessary to help Arizona organizations succeed - both financially and operationally. Since 1988, they have provided a cooperative atmosphere for organizations in Arizona to excel in total quality management principles and organizational excellence. Issues of efficiency, productivity, and effectiveness are addressed through:

Arizona Performance Excellence Programs, Informational workshops, Networking opportunities, Conferences, Seminars, and Training.

**Tel:** 1-480-874-5815

**Website:** [www.arizona-excellence.com](http://www.arizona-excellence.com)



This noncredit professional certification program at **Arizona State University**, Tempe - provides critical enterprise system thinking, strategies, methods, and tools. The core focus is to develop the leadership skills necessary to successfully analyze, plan, and implement a

lean/ six sigma strategic plan. The program combines action learning through group discussion and exercises, case study analysis, hands-on simulations, group learning sessions and special presentations from executives who have led successful lean implementations.

**Tel:** 1-480-965-1740

**Website:** <http://cpd.asu.edu/online/>



This management course, as part of the **University of Phoenix** ISC/OM degree program, provides an overview of lean manufacturing practices within a company and its supply chain. It addresses fundamental practices including flowcharting of business processes, collection, and analysis of process performance data and the removal of those activities that are determined to be wasteful or non-essential.

**Tel:** 1- 866-766-0766

**Website:**

[www.phoenix.edu/courses/iscom/iscom472.html](http://www.phoenix.edu/courses/iscom/iscom472.html)

## Free Markets = Free Lean Six Sigma (LSS) Services?

### Interview with Jay Watson



**Q:** Why did you develop the free LSS sites?

**A:** "My aim is to help management teams sharpen their focus on Safety, Quality, and

Speed of Execution. Results are derived from reduction in safety accidents and incidents; decreased cycle times; operating cost reductions through waste elimination, and there is quality improvement through better process control."

**Q:** But, why free?

**A:** "After a successful career in Manufacturing, I wanted to give something back. In the Americas, there are hundreds of thousands of small and medium-sized manufacturers that need a hand in learning and applying improvement methods within their operation. They do not need,

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## No Six Sigma Savings?

"Ahaanckk!" – but thanks for playing

by Jay Watson



**"What doesn't get measured doesn't get managed."**

This axiom, while intuitive for most managers and business professionals, is often not applied to the Six Sigma management process itself. For Six Sigma or any other management initiative to yield the advertised results, many factors must be considered, aligned, measured, and acted upon.

Having been involved with Six Sigma since its beginnings at Motorola and later as a consultant with Honeywell and GE, as well as several other companies, I have been in a unique position to experience a variety of cultures and management systems and their linkage to quantitative results.

Consider the cost savings most often discussed in the annual reports of the best Six Sigma companies. They are usually discussing savings in a range of 2 - 3% of sales per year. At 3% of sales, this adds as much as 10% per year to operating margin. Motorola reported, through their Six Sigma briefings, that savings for a 10-year period from 1985 to 1995 were \$11 billion.

GE in 1999 reported \$2 billion in savings attributable to Six Sigma, and in their 2001 annual report discussed the completion of over 6,000 Six Sigma projects probably yielding over \$3 billion in savings by conservative estimates.

Other organizations that have adopted Six Sigma have experienced far lesser amounts of financial success and organizational "buy in." Many have Six Sigma savings in the range of 0.5% to 1.0% of sales (far less than the benchmarks mentioned above).

There have even been cases where entire Six Sigma programs have been scrapped after significant investment due to low returns.

How is this possible?

While there are tremendous differences in management styles and priorities from company to company, one thing is clear: The organizations that focused on continuously measuring and driving management behaviors, including aligning initiatives and priorities to corporate goals, yield a much higher return on their programs than those who leave it to chance. Examples from: [www.sixsigmacompanies.com](http://www.sixsigmacompanies.com)

**Cooper Tire & Rubber:** "On a positive note, investments in automation, lean, Six Sigma and other projects continued to show improvement on the bottom line as we improved underlying manufacturing operations in spite of higher utility costs."

**NewPage:** "During the fourth quarter, to manage through these challenges and because of lower customer demand, we took market-related downtime of approximately 60,000 tons, reduced our capital spending, and kept our workforce focused on driving down costs. Lean Six Sigma projects and productivity initiatives have dramatically helped to reduce the effects of inflation. During the year, employees across the company participated in projects generating more than \$65 million of annualized savings."

**LAI International:** "We are committed to continuous improvement and will focus on a number of major performance initiatives to drive improvement throughout the company, including operations, quality, engineering, customer service, and sales. The company will continue to invest in Six Sigma quality management methods and lean manufacturing initiatives."

**US Oncology:** "Our lean six sigma program has improved efficiencies in our care delivery and drug management processes in over 50 percent of our largest practices." (US Oncology is a cancer care services company. Yet another place you can find Six Sigma...fighting cancer!)

Check out other Six-Sigma successes at: [www.sixthsigma.com/leanscs100.htm](http://www.sixthsigma.com/leanscs100.htm)

**Do you know who said ...**

**"Additional problems are the offspring of poor solutions."**

- a) Tom Peters
- b) Albert Einstein
- c) Mark Twain
- d) Carl Sagan

**Solve Problems Effectively**

Adopt the solution-plus-one rule. After brainstorming, develop and consider at least two viable solutions for every issue or problem.

Conduct a plus/ delta (pros and cons) on all proposed solutions. Consider all relevant facts, issues, and perceptions.

Eliminate those with significantly more downsides.

Search for winning solutions whenever possible. Adopt those solutions through which people are positively affected and the fewest negatively affected.

Remember  $Q = A \times E$ .

The quality of the solution is a product of its acceptance and effectiveness.

Answer: C) Mark Twain

**Free Markets =  
Free Lean Six-  
Sigma Services?**

nor frankly, can afford to deal with the "big boys" (*mentioned above*) or lay out thousands of dollars for materials and training resources ... But, with the free sites, they can quickly design and initiate a foundational quality/ productivity improvement initiative themselves!"

**Q:** How do you derive income?  
**A:** "If they like what they see, some have called me (*and others*) to assist them with their launch."

**Q:** Ah - getting any "heat" from those other LSS consultants offering their services for hire?  
**A:** "No, in fact they appreciate my information because my sites (material) tie into many of theirs... I'm not competing with, but rather complimenting the industry."

Learn more at:

- [www.freeleansite.com](http://www.freeleansite.com)
- [www.freesixsigmasite.com](http://www.freesixsigmasite.com)



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**1. Demonstrate commitment and support for the project.**

**Be a visible and active sponsor; participate in key project activities. Review project status frequently and monitor progress.**

**2. Reinforce the reason for change continually throughout the organization; constantly communicate expected outcomes.**

**3. Ensure speedy reviews at key decision points in the process. Let managers and employees know what will be expected from them during this process.**

**4. Provide the needed resources to the team. Assign staff full-time where possible.**

Provide the required space and equipment for the team.

**5. Set the stage for reengineering by determining core business processes and by defining the project scope and objectives.**

**6. Provide adequate funding. Enable the team to attend Continuous Improvement and change management training. Allow for travel for benchmarking and research.**

**7. Contract with external experts and consultants only when necessary.**

**8. Be a risk taker by challenging existing assumptions and processes. Set new standards and encourage others to be open to innovative approaches.**

**9. Inspire to Improve! Say "Thank You."**

**10. Keep Smiling!**

For more "Deep Thoughts," check out: [www.deepthoughtsbyjackhandey.com/](http://www.deepthoughtsbyjackhandey.com/)

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Off the page...

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## **The Top 7 Mistakes to Avoid When Implementing Your Lean Production System**

By Mike Wader

### **1. Not understanding management's role in implementing "Lean"**

Many organizations want to run before they know how to walk. Perform a Lean Assessment to evaluate the climate for change and the severity of the Hidden Wastes that exist within the current operations. Then when you are convinced changes are needed, train the senior managers and executives first. Not training the executives first is a critical mistake. They need to understand your plan for a new production system and give their inputs to how they can support this new system. These leaders need to be the founders of your Production System and create a long-term vision for international competitiveness. Their continuous support will be a major deciding factor to the longevity of your new production system. A few of these executives will need to become the "Champions" for this new initiative and directly support those implementers who are doing the improvements down on the line.

### **2. Building a "Production System" that is not flexible.**

Too many organizations try to build the "perfect" Production System and wind up disappointed with something less than perfection. If you look outside the windows of your organization, you will see a landscape that is neither Japanese nor American. Therefore, your production system will have to have an Indian twist to it and not be exactly like the Toyota Production System or Ford Production System. Be willing to get started with something that may be less than perfect, but something that is flexible and can be updated or changed as demands change. From mass-production shops to one-of-a-kind Job Shops, each company will have a unique production system geared to meet their individual needs. Lean Manufacturing techniques should be a critical part of the design of your Production System.

### **3. Not starting with “the Basics”**

Some organizations want to rush in and “fix” problems before realizing that hidden problem areas may exist for years after you have started. If they were easy to spot and fix they would have already been fixed. Develop and stick to a timeline for training, mentoring and coaching a group of personnel who will become your Lean implementers. Design a Training Program that becomes part of your Production System that outlines how an individual can begin training and how they can advance to higher levels of expertise and accomplishment. Begin to train the implementers with the Basics of 5-S, Visual Controls, and Total Productive Maintenance (TPM) before advancing to the more complex Lean Tools. Before a new production system is started, it should have a clean and visually controlled environment to begin with. Then a good Value Stream Map should be developed that identifies opportunities to use additional Lean Tools like set-up and changeover reduction, single piece flow, JIT and Kanbans. Your new Production System should establish a procedure for implementing Lean Manufacturing techniques in each new area where they are applied. Each area, including administration and material storage, should have a format to follow to implement new layouts for improved flow, standardized work procedures, and enhanced visual controls.

Managers must get involved and lead the initiative. Some managers say, "We can't afford the time or money to implement Lean Manufacturing practices."

The truth is that you cannot afford to NOT implement Lean Manufacturing practices.

### **4. Changing work areas without changing habits**

Organizations often begin with a small group of people being trained and then these individuals start to change work areas without educating the workers first. Old habits applied in a new work area usually leads to disaster. Help the workers to understand why they cannot continue their old habits. Make sure they understand and support the vision developed by management. Design work areas to prevent workers from being able to practice their old habits and reward those that are able to change and sustain the new habits. Your new Production System should outline the expected behaviors or habits needed to be successful within your organization. This change of habits will require efforts from all levels of the organization and may last for months or years. Find those workers who are able to change quickly and get them involved in giving suggestions to changes to be made. Take the time to establish new habits, recognize those workers who comply, and monitor the results to prevent falling back to the “old ways.”

## 5. Measuring everything and responding to nothing.

Some organizations establish a long list of “Key Performance Indicators” (KPIs) to measure their performance or compliance to the new production system. While these measurements can be helpful, if there are too many they can become confusing. “Which indicators do I respond to today” becomes the production managers cry and he is continually fighting fires on different fronts. No more than five Key Indicators should drive your Production System and they should be understood by people at all levels of your organization. Indicators like: process flow interruptions, overall equipment effectiveness, and on-time deliveries are just a few of the candidates. Defect rates, unscheduled downtime, and overtime are measurements that can be directly related to the bottom line profits. While measuring key indicators is important, what you do with the information gathered is even more important. Instead of fighting fires, looking for the root causes from the information gathered and setting specific team actions to attack these root causes will usually yield huge improvements. If you have 20 Key Performance Indicators you usually have to respond to the one that managements want today, versus the ones that may be root causes of several problems. Meanwhile the remaining KPIs raise their ugly heads and then management wants to know why they are not being fixed. Pick a few, and measure them well. Then, stabilize and improve them using the Lean Tools and in the future you may measure others that are not under control yet.

## 6. Analysis Paralysis

In an effort to get a process improvement perfect, we tend to analyze it to death before starting any action. It is much better to take the continuous improvement idea of Kaizen and work on improving a little during each improvement activity. If you are going to use a Rapid Improvement Process (5-day activity) to attack a problem, do not expect to reach perfection within five days. Your team can make significant improvements and greatly enhance the performance of an operation without making it perfect. A five-day event can reduce set-up or changeover time, rearrange a cell layout to allow single piece flow, identify, and establish kanbans for a work area or reduce the cycle time within a production line. It is more important that you have teams that are actively attacking and improving processes than having teams that are spending huge amounts of time analyzing processes before attacking them. If they do not reach the desired levels of improvement the first time, they can attack it again, and again, until the desired levels are met.

Don't be frozen by Analysis Paralysis and take forever to get started making improvements!

## 7. Not getting outside help

Many organizational executives read a book and then tell someone to try an implement what they read about. This usually assures disaster or a problematic beginning to a new program. Not only is training needed, but also outside thinking is required. Most people are working too close to their own processes to see the problems hidden within the processes. They are not use to thinking “outside the box” or able to step back from their processes to see them in a new light. This most often takes an outsider who has a fresh set of eyes and unbiased thinking about a process and can see the wastes that are the root cause of the poor performing process. With training and coaching teams can apply the Lean Production techniques and identify root causes, improve performance, and establish habits and techniques that will sustain these gains. But remember, “If you always do what you have always done, you will always get what you always got”!

*Written by Michael Wader, President of LeanPlus, India located in Chennai, India and CEO of Leadership Excellence International Inc. providing LeanPlus training and consulting services. He can be contacted at [mikew@leanplus.com](mailto:mikew@leanplus.com).*

