

The Next Step



QCDSM
LEAN BUSINESS EXPERTS

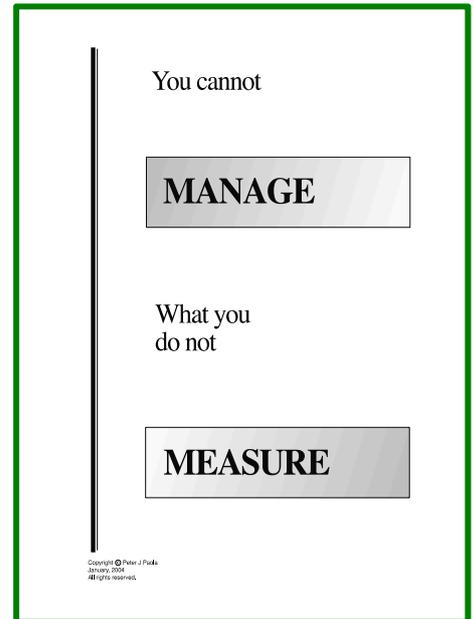
The Newsletter devoted to comment and discussion within the QCDSM process

Editorial by Peter J Paola, President, QCD Systems, Inc.

QCDSM is not industry specific! It establishes the principles of Continuous Improvement based on Lean principles within a company. Summer 2010/2011



A typical Green Room



INTRODUCTION

When a company embarks on the Lean journey, the most important question that they need to continually ask themselves is, "What are we doing to succeed with this implementation?"

It is to assist you in answering this question that I offer these thoughts as you travel on this journey. They are by no means comprehensive.

THE PRESENT STATE

Lean principles focus on the involvement of the people of the company in directly

managing their departments and areas of responsibility. They are given the opportunity of also focusing on their own jobs and how they can improve their productivity and efficiencies. This must be understood in its correct context in whatever company Lean is being implemented.

A company does not need Lean principles to understand the importance of employees doing the work they are hired to do, measuring their outputs and continually improving these outputs based on the results of the KPI's that are required.

Why, then, should a company embark on this Lean journey?

THE LEAN STATE

Every part of machine needs to work in harmony in order for the overall result to be achieved. The performance of the supply chain within a company also needs to operate at its optimum efficiency.

A motorcar – machine - can perform its fundamental task of transporting people/goods from point A to B safely and reliably. However, we all know that in many instances, because of a lack of maintenance, worn tires or not being tuned regularly different cars could perform differently.

INSIDE THIS ISSUE:

1. The impact of introducing Lean principles in a company.
2. The importance of the measuring both the internal and external Customer/Supplier relationship within a company to determine the real health of the supply chain.
3. The importance of employee involvement as a pre-requisite for continuing efficiency and productivity



The owners can do their own maintenance but there comes a time when expert attention is needed.

In a company, an important measure of efficiency and productivity is how well the **supply chain** is operating. But, more importantly, how well that supply chain is fulfilling the needs of service, quality and reliability to its customer base.

The supply chain helps determine whether the service or product a company is founded to provide is meeting expectations.

Enter Lean principles!

These principles do not in any way decry what a company is doing to be successful. But upon self-reflection and in the light of outside influences such as the present world financial situation and increased competition, a company always needs to know how well its overall performance is. It is at this point that a company may decide to go a step further and begin the process of re-examining the way in which it does business by examining its methods and protocols. A company does this to determine if it is performing to the level that it needs to in order to remain competitive but also to increase its profitability and maintain, if not increase, its customer base.

THE IMPORTANCE OF LEAN PRINCIPLES

The Lean principles of manufacturing and management are simple tools to provide this and other measurements. While companies are expert in measuring performance and examining their operations, there are certain measurements provided through the Lean principles that enable a company to realize that they are not only not measuring this inter-relationship **but are also**



If you always do what you've always done, you will get what you've always got!

perhaps not aware that there are other important metrics that need to be considered.

A most important measurement that Lean offers a company is measuring the relationship between internal and external customers and suppliers.

This is a measurement that needs to be known by everybody in every department.

Why is this a most important measurement?

As with a motorcar, its performance depends on the synergy that exists between its various parts. Another analogy is that a chain is as strong as its weakest link. This brings the answer into sharp focus. The smooth operation of the supply chain is what is needed to obtain the desired outputs, to maintain and increase its customer base and to ensure the reliability of its suppliers.

CUSTOMER CONCERNS, DEFECTS RECEIVED, DEFECTS PRODUCED

The introduction of the above charts (measures) for each department in what we call the Green Room is the tool whereby each department measures their effect on their customers and their suppliers' effect on them whether internal or external.

Departments are aware of shortcomings when they occur and they try to fix the issues as they arise. However, if they do not measure these occurrences and subsequently do not embed the solutions in defined processes so that they do not re-occur, they are not adequately managing the inter-relationship that occurs. The result is that the same issues are dealt with over and over again impinging on the efficiency and productivity of their

departments and in many cases, their individual outputs.

The ability of a company to manage this inter-relationship between customers and suppliers both internal and external is a fundamental way to improve its productivity and efficiency. The difficulty with the above tool is that in many respects it requires a cultural change within the company.

The obstacles that can be encountered are as follows: There could be a tendency to see the negative data on the charts as a blame process, or to misunderstand the intent and regard the display of the data as questioning the ability or integrity of the person/s involved. Even more seriously is the misunderstanding that this is a way to eventually gather evidence to remove a person/s from their position. It also can be misunderstood as a negative reflection on the way in which managers perform their duties.

Of course the above concerns need to be addressed and dealt with when implementing Lean principles. But the only purpose for introducing the measurement of the relationship between customer and supplier is to determine what is going right, what is going wrong and if so, what the people producing this data can and should do to fix it.



THE TRUE PURPOSE

If a customer is unhappy with what they are being presented with, the unhappiness is not to be taken as a negative criticism of the person/s providing the service or product. Rather it becomes the opportunity of ensuring that the customer is not expecting something that was never intended to be delivered and/or to ensure that the supplier is providing what they said they would provide.

The charts/measurements simply present a snapshot of what is actually taking place. The way in which the data is dealt with depends on the people who are viewing the data with the understanding that the data is designed to help them continuously improve their outputs by resolving the issues. There are other measurements (Charts) in the Green Room that assist each department to measure their other outputs.

The discussion on the use of Cost, Delivery and Safety charts follows the same principles but is not the subject of this paper.



MEASURING THE MEASUREMENTS

Let us return, now, to the original question: *'What are we doing to succeed in this implementation?'*

This tool that measures the inter-relationship between customers and suppliers forms the basis of the structure of the different levels of meetings that we implement.

All the above measurements initially take place in the **first level Green Room meetings**. However, the success of the first level meetings can only be assured if the leaders of those meetings, who represent the people of those areas, have a method of escalating concerns that they cannot resolve.

This is then dealt with in the **Second level meeting**. This meeting is critical to the success of the first level simply because it controls three important and critical factors. Firstly, it manages the performance of the first level. Secondly, it monitors and coaches the first level so that it is performing as it should. The third factor is that it acts as the go-between between the third level and first level meetings.

The **Third level meeting**. The same principles apply with this meeting. The greatest benefit is that in both the second and third level meetings the leaders of

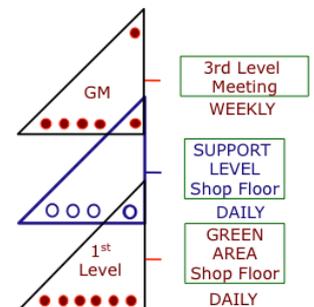
these meetings are freed up from the details of the departments that report to them and are able to give direction, offer assistance or take the matters further if necessary.

This also enables them to attend to their own KPIs (Key Performance Indicators) and those of their departments. They are able to do this because as a result of their meetings they will know that their departments are being managed accordingly.

The overall success of the Lean intervention rests with **4th and 5th level meetings, if not the 3rd level, if the size and structure of the company requires this**. This structure and the templates for the agendas of all these meetings that we provide form the backbone of the QCDSM/Lean process. If this structure is not in place and operating efficiently and regularly, the first levels will eventually collapse.

At this point you may be concerned that more meetings are going to hinder the daily work of the company. This is not the case as this meeting structure invariably removes many of the other meetings a company has. The greatest benefit is that the details that used to be part of the top level meetings are diminished as the responsibility to manage each area is pushed down to the level where the issues must be dealt with. The upper levels are then able to focus on overall policy, protocols, major decision-making issues and priorities.

The Bottom Up/ Top Down communication process



Attention to Detail

A FINAL COMMENT AND SUGGESTION

In over 25 years of implementing these Lean principles in many different companies and countries throughout the world, when we are asked what is the best way to get this done, our answer is very simple: **'Just do it!'**

Against your instincts and at times against your present method of management, just following the structure that is recommended is the path to follow. After you have done it for a while with the understanding that customisations will occur to meet your requirements, the company will have a structure in place that will enable it to reach the productivity and efficiency goals that its KPIs are designed to achieve.

Each manager and the people will have done this by marshaling the remarkable expertise and enthusiasm of the people that make up the company. All will have confidence in knowing that whatever policy changes, process changes and business decisions that need to be taken will now have a structure in place that will ensure that the issues will be uniformly explained and implemented.

THE QCDSM SYSTEM OF LEAN MANAGEMENT

EFFECTIVE EFFICIENCY AND PRODUCTIVITY
IS THE RESULT OF

EFFECTIVE COMMUNICATION