

25

Years of Quality Improvement



Have We Really Improved That Much?

Kevin McManus

The Systems Guy – Great Systems!

www.greatsystems.com



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The Roots of My Obsession

What Really Bugs Me

- We really aren't improving that much
- Tools alone are not the answer
- Some tools do more damage than good
- We've made things way too complicated
- We've lost our people focus
- Most people don't like their jobs



Great Systems! Mission

Provide individuals, teams, and organizations with high value, low cost tools, systems, and coaching to help move them closer to their high performance potential

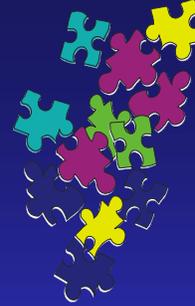
What motivates you to improve?



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Who am I?

I won't show you all 500 of my puzzle pieces, but I will let you take a look at 10 of the more important ones!



- Sr. Baldrige Examiner
- Eagle Scout
- Dad
- Systems Guy
- Razorback
- Workaholic
- Long distance runner
- Music lover
- Sports nut
- Movie watcher

Plus, I also take continuous improvement way too seriously!! ... or do I?



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25+ Years of Personal Quality Growth

	1980	1990	2000	2005			
Company	Plastic & Metal Toys	Plastic & Metal Pens	Rubber Roofing	Candy Bars	Freight Pickup and Delivery	Flavored Syrup	Great Systems
Title	IE	IE	Senior IE	IE Manager / Production Manager	Director of Quality	Plant Manager	Perf. Imprvmt. Coach
New Learnings	Time Studies, Line Layout	Costing, Capital Projects, QCs	Annual planning process, team facilitator	Front line management, training development	Quality process implementation, growth, service work	Int'l / young work force	Vast, consistent challenges
Quality Process	Looking at Crosby	Pay for Ideas / QCs	Self Directed Work Teams, Quality Circles	Suggestion System w/ Teams	"Build Quality into the Job" Process	Quality into the Job	Process Excellence
Mile Posts			Completed MBA	Became AQP Officer	7 Years as an Examiner		

My Action Foundation Paradigms

COVEY:

Interdependence
Trust
Discipline
Win / Win
Proactive
Balance
Synergy



Values & Principles

Covey

DEMING:

Systems understanding
Understanding of variation
Theory of knowledge
Psychology



Systems Improvement

Deming

SENGE:

Systems thinking
Personal mastery
Mental models
Shared vision
Team learning

Thinking & Interacting

Senge



As they are learned, these principles are applied as part of the way one does their job



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Profound Knowledge

- Systems Understanding
- Understanding of Variation
- Theory of Knowledge
- Psychology



Can We Stop the Destruction?

The prevailing system of management has destroyed our people ...

People are born with intrinsic motivation, self-esteem, dignity, a curiosity to learn, joy in learning ...

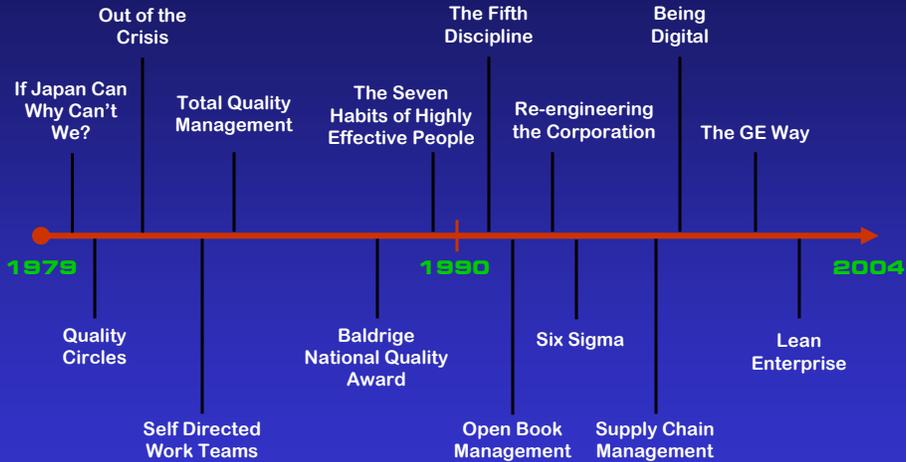


The forces of destruction begin with toddlers - a prize for the best Halloween costume, grades in school, gold stars - and so on up through the university.

Quality Progress by the Book

- Quality Circle Member Manual, Dewar 1980
- In Search of Excellence, Peters 1982
- Out of the Crisis, W. Edwards Deming, 1982
- Kaizen, Masaaki Imai, 1986
- The Team Handbook, Joiner / Scholtes 1988
- The Seven Habits of Highly Effective People, Covey 1989
- The Fifth Discipline, Peter Senge 1990
- Leadership and the New Science, Wheatley, 1992
- Reengineering the Corporation, Hammer 1993
- The Great Game of Business, Stack 1993

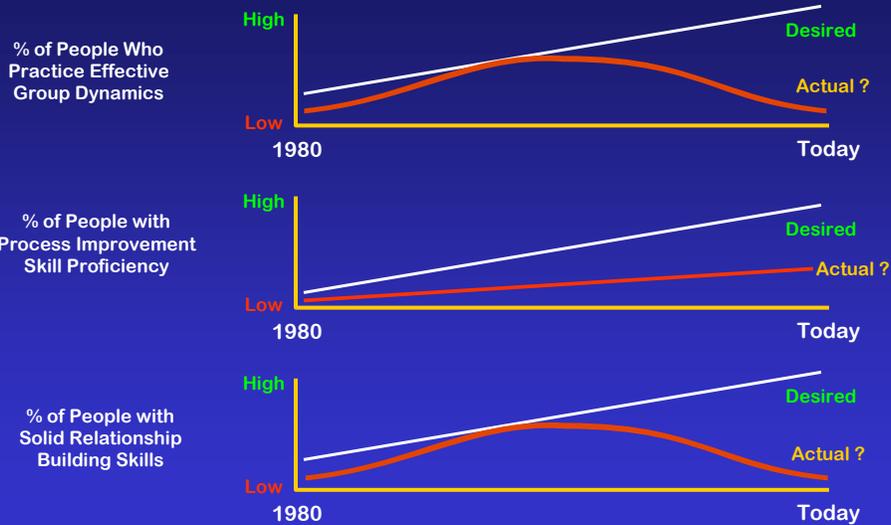
25 Years of Improvement?



Have We Really Improved That Much?



Areas of Improvement?



Have We Really Improved That Much?



Leadership Progress by the Book

- The One Minute Manager, Blanchard, 1982
- Leaders, Nanus and Bennis, 1985
- A Passion for Excellence, Peters 1985
- The Transformational Leader, Tichy 1986
- The Empowered Manager, Block 1987
- Principle Centered Leadership, Covey 1991
- The Leadership Challenge, Kouzes and Posner 1991
- Leadership and the New Science, Wheatley, 1992
- Stewardship, Block 1993
- Credibility, Kouzes and Posner 1993
- Leadership by the Book, Blanchard 1999

A Current Leadership Reality

- Nearly two thirds (66%) of Americans agree that we have a leadership crisis in the country today
- Nearly three-quarters (72%) of Americans believe that unless the country's leaders improve, the United States will decline as a nation
- Americans are not confident that their leaders are prepared to lead in a crisis
- Nearly three-quarters of Americans (73%) believe that their leaders are out of touch with the average person
- Business leaders consistently ranked lower than military, non-profit, and religious leaders in all five confidence areas surveyed (average score of 2.8 out of 4.0)

Source: National Leadership Index 2005, Center for Public Leadership, Harvard University

How Would You Respond?

23,000 full time people have recently taken the xQ (Effectiveness Quotient) Questionnaire offered by Harris Interactive.

- Only 37% said they had a clear understanding of what their organization was trying to achieve and why
- Only 1 in 5 was enthusiastic about their team's and organization's goals
- Only 1 in 5 said they had a clear "line of sight" between their tasks and their team's and organization's goals
- Only half were satisfied with the work they have accomplished at the end of the week
- Only 17% felt that their organization fosters open communication
- Only 10% felt that their organization holds people accountable for results
- Only 15% felt they worked in a high trust environment

Source: "The 8th Habit: From Effectiveness to Greatness", Dr. Stephen Covey, 2004

Why Do These Challenges Exist?

Does This Sound Familiar?

Company Performance Diagnosis

"Before prescribing what we should do, we should make sure that we properly diagnose what the root causes of the problem are."



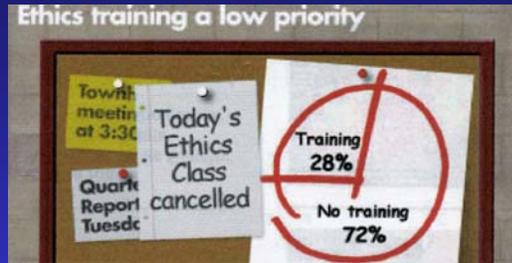
- Most management jobs do not include time for projects and learning
- We have trouble attracting and retaining quality operations employees
- We have to spend time managing growth instead of improving systems
- Project management, planning, and team skills are not developed or used
- Procedures are not understood and consistently followed for key processes
- We don't spend enough time in teams, solving problems with data
- We are not taking full advantage of the unique skills that each of us has
- Changes, challenges, and needs are not communicated well
- Human resource policies are not consistently followed, or are absent
- Our employees do not receive enough effective training

What parts of this diagnosis do you agree with?



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Ethical Issues?

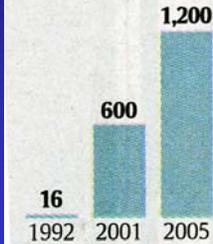


Fewer than 30% of workers say that they received ethics training in the last 12 months

Source: Wirthlin Worldwide for LRN, USA Today

Ethics officers

The number of ethics officers in Corporate America has doubled in the past four years:

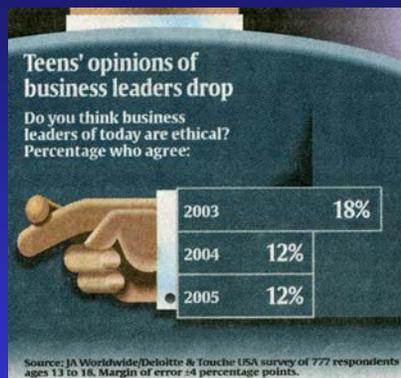


Source: Ethics Officer Association, USA Today

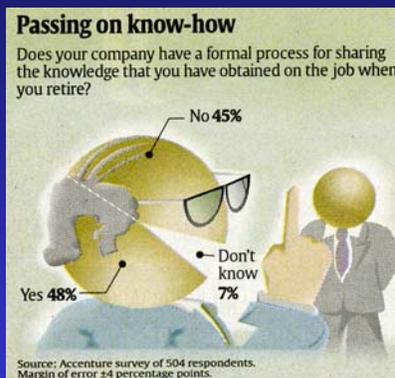


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Leaders for the Future?



By J. Yang and F. Pempa, USA Today, December 2005



By D. Haralson and R. Ahrens, USA Today, June 2005



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How Can We Improve?



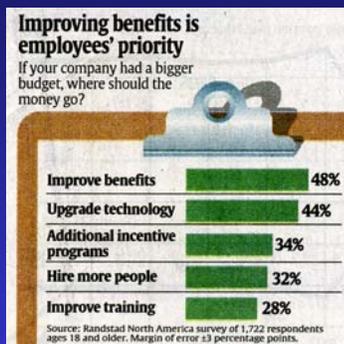
More than 7 in 10 managers say their companies do not hire professional coaches for their employees

Source: A. Carey and R. Coddington, USA Today Research



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What's Important?



By J. Yang and K. Simmons, USA Today, Nov 2005



Source: Insight Express
By D. Haralson and C. Palmer, USA Today, Nov 2005

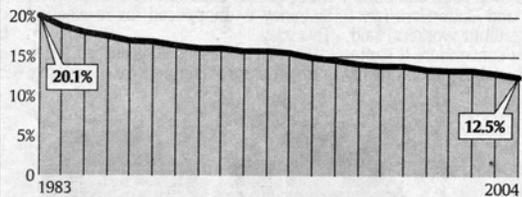


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Changing Times?

Union membership declines

Annual average percentage of workers who are union members:

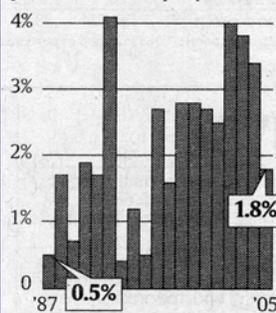


Source: Current Population Survey, Bureau of Labor Statistics

By K. Gelles, USA Today

Productivity

Percentage change from the prior year in worker output per hour:



By J. Snider, USA Today, Dec 2005

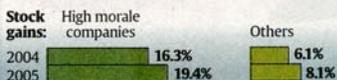


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What % are High Performers?

High morale pays off in stock market

As in 2004, the stock of companies with high morale, higher than 70% average employee satisfaction, outperformed those in the same industries in 2005.



Source: Data compiled by The Enthusiastic Employer (Wharton School Publishing) on 24 publicly traded companies and compared with more than 5,500 other companies in the same industries.

By Jae Yang and Dave Merrill, USA TODAY

By J. Yang and D. Merrill, USA Today, December 2006

Most employers don't share company strategy

Of the companies with a formal strategy in place, 70% describe their performance as better than their competition, compared with 27% of those without it, according to a survey. Percentage of companies that tell their employees what the strategy is:



Source: Cognos/Palladium Group "Making Strategy Execution a Competitive Advantage" study of 143 strategy management professionals.

Nov 2006 By Jae Yang and Alejandro Gonzalez, USA TODAY

By J. Yang and A. Gonzalez, USA Today, November 2006



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Why Can't We Go Faster?



Faulty work systems are similar to restrictor plates on NASCAR vehicles

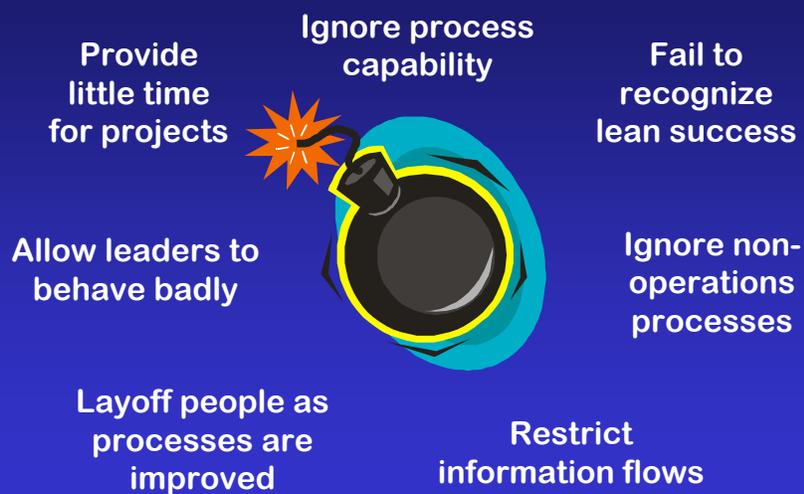
We ask our people to drive faster, but we leave the restrictor plates on at the same time.

If we want to go faster (higher levels of performance), we have to take the plates off.



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How to Kill an Improvement Effort



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Five of the Top 10 Barriers to High Performance

The Five Worst Offenders

Performance Restrictor

Faulty System

Low levels of project time

Job Design

Lack of ownership in improvement

Compensation

Little / ineffective performance feedback

Communication

Minimal practice time

Training

Key systems contain too much waste

Process Imprvt.



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Five More HP Barriers

Five More That Will Hold You Back

Performance Restrictor

Faulty System

Measures used as a hammer

Measurement

Low knowledge of the customer

Satisfaction

Not enough / wrong projects

Planning

Inconsistent leadership

Leadership

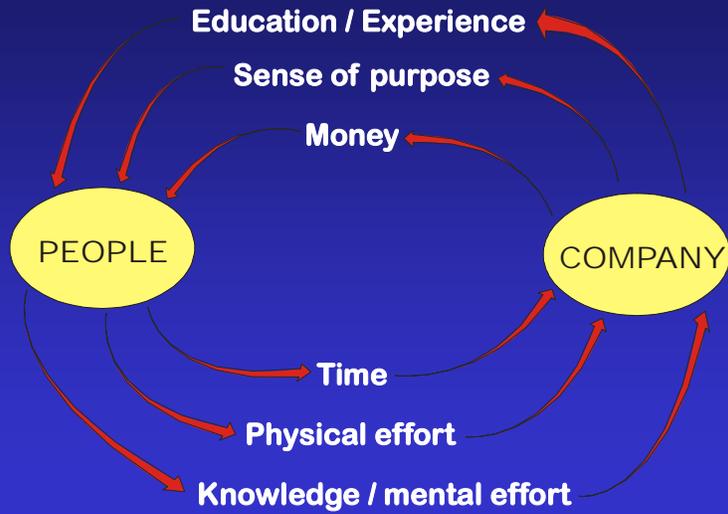
Technology is underutilized

Technology



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Why Do We Work?



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Sources of Fire

A fire needs three key ingredients to burn well ...



... so does an organization!!



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Five Key Concepts

- All work is a process
- All processes produce results
- Systems shape culture
- Systems give you what they are designed to give you
- People make the difference



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What is Work?

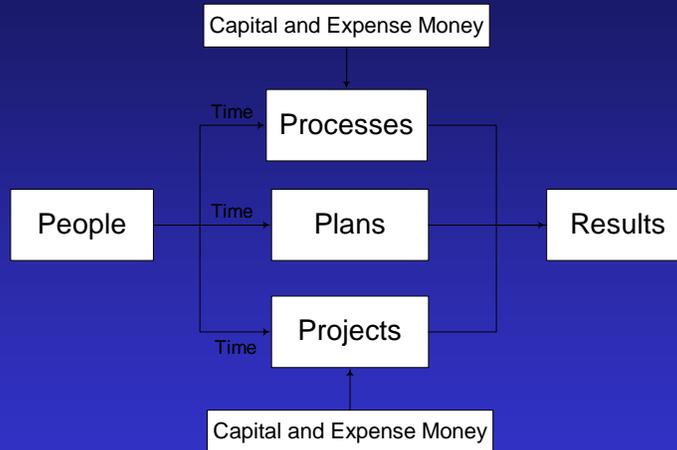
- Why do we go to work?
- Why does a company exist?
- What are the two key resource types that a company uses each day?
- What are the two things that all employees in a company have in common with each other?
- Based on your answers to the above questions, **WHAT IS WORK?**

$$\text{Work} = \text{PSTM}^3$$



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The Flow of Work



Work = People spending time and money to make money



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The Key to High Performance

Every process owner should be responsible for tracking and trending process performance and process waste on a regular basis, and for using that information to improve those processes.

Who are your process owners?

How do they spend their time and money each day?



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High Performance Building Codes

- Leadership behavior must be measured
- Key data should be captured daily
- All measures have trend lines (process behavior)
- Each process owner should keep a spreadsheet
- Balanced dashboards should exist for all processes
- Safety, quality, cost, and people 'gauges' should be on all dashboards
- Work teams should be involved in process analysis and improvement daily
- Waste streams should be known and tracked daily
- All organizations should have cross-functional project teams



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Why I Believe in Baldrige

- Results account for 45% of the total possible points
- The beauty of the scoring guidelines
- You determine what is important - measures, strategies, markets, and stakeholders
- The criteria are based on 11 powerful core values
- The National Baldrige Quality Program practices what it preaches!
- The stock performance of past National Baldrige winners



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A Closer Look at Baldrige

National Quality Award Process

Criteria Design

Point Mix %

7 Categories - 19 Items

11 Core Values

Key Factor-based

What and How Questions

Scoring Guidelines

Approach / Deployment

Does it exist?

Improved?

Well deployed?

Integrated?

Results

+ trends?

Comparisons?

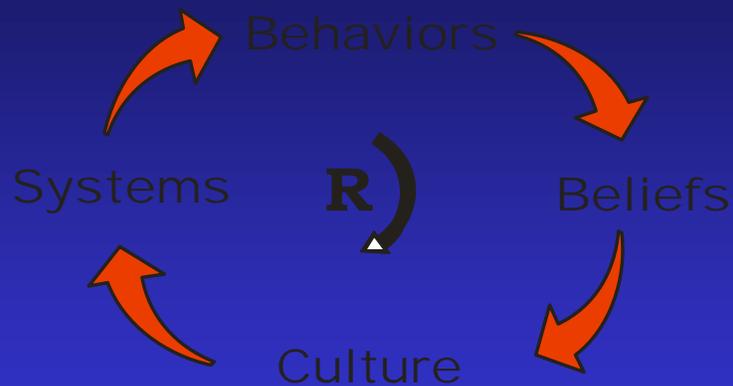
Segmented?

Key areas?



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The Culture Loop



What behaviors does your culture reinforce each day?



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Gauging Cultural Penetration

What percentage of the workforce regularly ...

- Gets recognized for their improvement contributions and successes?
- Participates in project identification and development efforts?
- Feels secure in their future employment with the company?
- Participates in formal and informal improvement training?
- Understands why and how their jobs will change in the future?
- Receives positive and negative feedback on their lean performance?
- Reviews performance measures against initiative progress goals?
- Receives compensation for their lean contributions?
- Feels that all team members contribute equally to the improvement effort?
- Can answer the question “Why are we doing this”?



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High Performance Work Strategies

- Create an infrastructure that optimizes time and money use
- Hire good people and systematically develop them
- Know your key processes and how to improve them
- Use the annual plan as your key operational guide
- Compensate people fairly through out the company
- Approach process improvement in a systematic manner
- Know your customers by segment in a fact-based way
- Know how you spend your time and money



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Ten Great Places to Start

- Install a process for measuring leadership effectiveness
- Add time percentages to all of your job descriptions
- Use a central database for all improvement ideas
- Create a key measures vs. performance area matrix
- Minimize the use of lecture in your training course designs
- Install some form of profit sharing for all employees
- Develop a technology utilization plan for your site
- Complete the two types of process definition matrices
- Complete a communication events matrix
- Define your scorecard for tracking satisfaction / dissatisfaction of internal and external customers



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Quotes to Think About

"Assumptions and actions shape a system."

"People don't cause problems, systems do."

"A company creates its culture when it hires its first employee. After that, the rest involves merely shaping a culture."

"The prevailing system of management has destroyed our people."



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Contact Information

E-mail: Kevin@greatsystems.com

Snail mail: 70460 Walker Road
Rainier, OR 97048

Land: 503.556.0204

Cell: 206.226.8913

Website: www.greatsystems.com

Root Cause Analysis: www.taproot.com

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