



Breakthrough!

Breakthrough! is published by The Center for Excellence in Operations, Inc.

A management consulting firm specializing in Breakthrough Operations Improvement

SPRING-SUMMER 2002



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In this issue:

- In Search of Illusive Improvement
- Collaborative Black Belt Certification
- A Nugget of Wisdom

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In Search of Illusive Improvement

Not getting results from Six Sigma, Lean, ERP, or Kaizen? We know why. The most frequently discussed reasons include lack of leadership, the wrong measures, failure to communicate change, and a few others. However, a major missing ingredient is the Strategy of Improvement. Many organizations skip this step and jump right into applying the tools and techniques. Their intentions are good (quickness) but their actions are perception-driven versus fact-driven. Execution is not focused on the causal factors of poor performance. They may not realize it, but they're viewing the tools and techniques as the ends rather than the means.

This approach may produce a few short-term benefits, but it usually becomes a "Flavor of the Month" improvement program. There is no formal linkage between the customer, the company's business plan, the day-to-day improvement activities, and financial objectives. At best, many organizations see only symptomatic fixes (firefighting) versus prevention and elimination of root causes. Lack of a well-defined Strategy of Improvement is a major reason why organizations miss the mark on tangible bottom line results.

FIGURE 1: CEO's Strategy of Improvement Framework

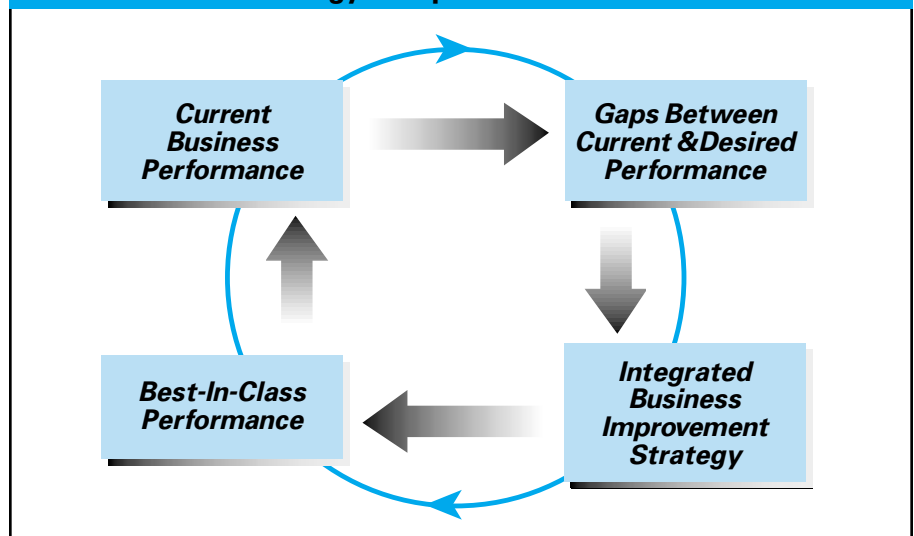


Figure I provides a framework that we use to develop the Strategy of Improvement with our clients. This is the most important step of any improvement initiative because it does the up-front deep-core drilling to the organization's issues and root causes, it defines gaps between current and benchmark performance, and it lays out all of the

continued on page 2

The Framework Elements

Below is a quick snapshot of each of the elements of the **Strategy of Improvement** framework.

Current Business Performance

- What is your current performance?
- Have you characterized current performance with data and facts?
- What are the key customer service issues?
- What improvements have been made?
- What is working well, what is OK, and what is severely “broken?”
- Where are the big “pain points?”

Best-In-Class Performance

- How are you doing vis-à-vis your strongest competitors in the areas of Profitability, Cost, Delivery, Quality, Flexibility, Responsiveness, Innovation, New Products, Customer Intimacy, Leadership, Stakeholder Development, Benchmark Industry Performance?

Gaps Between Current and Best-In-Class Performance

- Do you understand current performance?
- Do you understand Best-In-Class performance?
- Do you understand the gaps and root causes between current and Best-In-Class performance as it relates to Business Strategy, Critical-To-Customer (CTQs), Leadership and Culture, Organization Structure, Key Business Processes, Customer/Supplier Links, and Customer Satisfaction?
- What needs to change?

Integrated Business Improvement Strategy

- What is your improvement strategy?
- What are the priorities and plans for improvement?
- Why does the organization need to change?
- How will the organization change and take care of day-to-day activities?
- Do you have all the skill sets internally?
- What do you expect to achieve and by when?
- Is there a shared vision of change?
- Are there any barriers to success?

In Search of... from page 1

details on how to implement successful change. The Strategy of Improvement process works well because the specific tools and methodologies are viewed as the enablers, determined only after we define the specific requirements, actions, and barriers for improvement. The focus is on facts and results, not on application of the tools and techniques.

The Strategy of Improvement process works effectively because:

- Implementation is based on quantified facts, not perceptions or opinions of what needs to change.
- The approach is integrated, focused, and addresses root causes of current performance. The methodology targets improvements in both “hard” and “soft” processes.
- The strategy and implementation plan is directly linked to gaps between current and desired performance, the business plan, and financial performance. Measurement is a critical element of implementation and results.
- The tools of change (e.g., Six Sigma, Lean, Kaizen) are determined after we define what needs to be done. These various techniques are the enablers of improvement.
- The strategy includes a clear road map for change (e.g., the vision, improvement goals, implementation plan, expected deliverables and timetable, teaming and deployment plan, and education/skill set needs).
- The improvement opportunities and expected benefits are realistically calibrated and linked to financial performance.
- The barriers to success are identified and dealt with up front.


The strategy communicates a uniform approach to change, it matches problems

to the right enablers (the right tools of improvement), and it makes people accountable for change.

The Strategy of Improvement framework may not seem like such a big deal. But this deliberate, up-front process is missing in about 80% of the companies we walk into who are pursuing Six Sigma, Lean, Kaizen, Supply Chain, or Product Development improvement initiatives. There are examples all around us, like the company who began and ended their Six Sigma initiative by spending \$350K to train 15 Black Belts . . . The organization who spends a fortune on Kaizen Blitz consultants for a year and sees no results . . . And the company that spent millions on Lean and “*leaned out*” their cash position more than anything else.

CEO jokes about the definition of **Insanity** – Doing the same things the same way with the same tools and expecting different results. Recognition of this improvement coma can be a great renewal factor for organizations.

If you want tangible progress, measurable results, and permanent cultural improvement, then don't skip the Strategy of Improvement process – It works well and makes a big difference in your ultimate success.

If you would like additional information on CEO's Strategy of Improvement framework, contact our offices at (603) 471-0300 or visit our web site. 

Visit CEO Online

Go to CEO's NEW Web Site at www.ceobreakthrough.com for additional information on the topics in this newsletter and more.

Collaborative Black Belt Certification

CEO is organizing our Six Sigma Certification plans for the upcoming months. We are talking to a number of clients and other organizations about their interest to have CEO provide these offerings on a shared, collaborative basis. This will provide a more cost effective channel for smaller and mid-sized companies to receive Six Sigma education and support. This approach will also provide a broader educational environment where participants benefit from learning how to apply these concepts in a variety of work environments.

CEO is planning to offer the following programs on both an in-house or company collaboration basis:

Six Sigma Certification

Champion Certification: A Two-Day Six Sigma Leadership program intended for Executives and mentors of a Six Sigma initiative. This is a solid introduction to Six Sigma process, software, and statistical tools, Six Sigma implementation strategy, candidate and project selection criteria, and how to lead and organize a successful Six Sigma implementation effort.

Black Belt Certification: Four weeks of intense education on the Six Sigma process and statistical tools, MiniTab statistical applications software, integration of Six Sigma and Lean, and completion of a mandatory Six Sigma project. This education and individual project support is offered over a 4-5 month period. This is intended for individuals who are slated to become the resident Six Sigma technical experts.

Green Belt Certification: A Seven-

Day program that covers Six Sigma process and most frequently used statistical tools, MiniTab statistical applications software, integration of Lean and Kaizen tools, and completion of a mandatory Six Sigma project. This education and individual project support is offered over a three-month period. This is intended for managers, supervisors, team leads and participants of Six Sigma projects.

Lean Manufacturing Certification

Certified Lean Mentor: CEO offers a two-day intense workshop on Lean strategies, tactics, and tools. Specific topics include 5S, waste elimination, value stream mapping, kanban and pull systems, small lot production, synchronous scheduling, work cell design, visual management, set-up reduction, total preventive maintenance, supplier linkages, lean demand/production planning, low volume/high mix applications, and value stream alignment. This workshop includes several participative exercises including CEO's proprietary **HalfFast®** simulation exercises. Participants are required to implement lean concepts and demonstrate tangible and validated improvements to both CEO and the client Executive group.

Kaizen Certification

Certified Kaizen Leader: CEO offers a one-day kaizen program geared to an organization's "low hanging fruit/fruit on the ground" opportunities. Participants are also required to lead a successful Kaizen Blitz and implement quick-strike improvements.

Caveat: As we mentioned in our "In Search of Illusive Improvement" article, we would be happy to assist you in developing a Strategy of Improvement as a first step. The above programs work best when they follow a well-defined improvement strategy and infrastructure.

We often customize these offerings for our clients to meet specific implementation needs. This approach is aligned to CEO's philosophy of "Education based on achievement, not attendance."

If you are interested in participating in any of these upcoming certification events, please contact our office. We are putting the schedules and participant lists together, and space will be limited. We would also be happy to discuss any of these offerings on an in-house or inter-company/shared operating group basis. CEO

A Nugget of Wisdom

The horrific tragedy of September 11, 2001 had its impact on every business including ours. Proposals were put on hold, several projects were postponed or cancelled, and the interest level for our services fell drastically. Fortunately, things are picking up again.

Recently I was having dinner with the CEO of one of our clients. I asked him why he didn't cancel or postpone our Six Sigma project after 911. His response: "Honestly, I thought about it. Then I realized that 911 has nothing to do with our problems. And if the economy gets better tomorrow, we would have worse problems if we did nothing. This is actually the best time to make changes. The risks are low and we have breathing room. Believe me, we will be much stronger than those who are doing nothing right now when things turn around." Think about it. This is a great nugget of wisdom. CEO

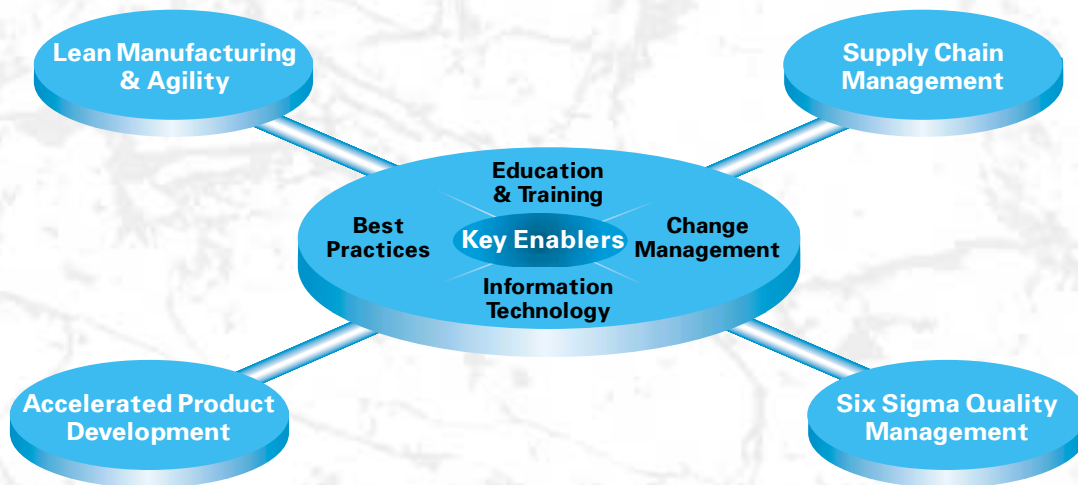
The Center for Excellence in Operations, Inc. (CEO) is a leading operations management consulting firm specializing in Breakthrough Operations Improvement. The focus of our firm is practical “hands-on” implementation followed by tangible breakthroughs in business performance. Our primary goal is to help small and mid-sized Manufacturing, Distribution, and Services enterprises implement the latest operations management methodologies and become Best-In-Class performers in their industry.

Our firm was founded in 1991 and we provide high impact services based on our 10X Principle: Many of our clients achieve real annualized benefits in excess of ten times CEO’s fees, within twelve months from the start of our projects. Additionally, 100% of our clients have rehired CEO for other projects because of our ability to deliver proven results. CEO understands implementation — We work *with* clients to implement innovative, systemic change and sustainable breakthrough results.

Professional Management Consulting Services

- Manufacturing Strategy
- Mixed Mode, Small Lot Production
- Mass Customization
- Pull Systems and Kanban
- Advanced Just-In-Time (JIT)
- Shop Load Centers
- Scheduling Processes
- Cycle Time Reduction
- Work Cell Design and 5S Practices
- Set-Up Reduction and Quick Changeover

- Collaborative Forecasting and Planning
- Sales Inventory Operations Planning (SIOP)
- Push, Pull, and Push- Pull Systems
- Value Chain Synchronization Strategies
- Infotechnologies (ERP, APS, e-business)
- Lean Supply and Continuous Replenishment
- Vendor Managed Inventory Systems
- Supplier Partnering and Development
- 6σ Velocity/ Flexibility Improvement



- Concept Engineering and QFD
- New Product Strategy and Planning
- Platform and Portfolio Planning
- New Product Risk Assessment
- Structured Stage/Gate Processes
- Design for 6σ (DFSS) Methodologies
- Automation Tools (CAD/CAM, modeling)
- Program, Project, and Cost Management

- 6σ Operational Excellence Programs
- Black Belt and Green Belt Certification
- Process Capability (Cpk) and SPC
- Gage R&R, FMEA, Control Plans
- Kaizen, Poka-Yoke Practices
- Supplier Quality
- Cost of Quality/Non-Conformance
- ISO/QS 9000 Support