

THE PIVOT PALETTE

A quarterly publication of PIVOT Management Consultants



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MISSION

Be a premier provider of management consulting services to industry in the high technology, manufacturing / design, services, healthcare, education and government fields.

Be the best partner a business leader can have to help accelerate the move along the path of continuous quality improvement and quality system enhancement, rethinking and changing the way our client's business is done internally and for the marketplace and industry our client serves.

Implement operational improvements across all functions and levels of our client's organization to achieve improved strategic and marketplace position, delivering value added measurable results.

Provide a positive, rewarding, collaborative work environment within PIVOT that fosters personal growth, fulfillment and success for our associates, suppliers and clients.

VISION

Together we will. . .

Work to fully understand the requirements of our jobs, the requirements of our clients and the systems that support us.

Provide error free services, analysis information, education and skills training on time to our clients.

Practice ethical, honest and fair behavior in our interactions with clients, associates and suppliers. We will not promise anything we cannot honestly deliver.

Inspire trust and respect by our clients, associates and suppliers, through PIVOT's proven commitment to our mutual success.

Have fun!

PATHS

FOR PROGRESS

A few years ago in one of the issues of PIVOT Palette we published thoughts of some executives on World Class. It appears from a recent article in Industry Week, that even now it has different interpretations for different people, although there does appear to be some kind of a consensus.

World-class plants combine best practices, teamwork, and technology to achieve optimal performance. There is no finish line to cross, no perfect achievement, no third-party-administered test by which manufacturers can definitively gauge the distance they have traveled on the road to world-class-manufacturing status.

Most of you will agree however, that productivity, warranty costs, inventory turns, employee turnover and response time are strong components of world-class manufacturing, and these can be measured. World-class plants often achieve higher finished-product first-pass yields, better on-time delivery rates, lower scrap rates, bigger improvements of productivity over time and lower manufacturing cycle times.

To attain such gains, these organizations streamline their internal processes and eliminate waste. They train their employees and make them participants in the organization's future. They reach out to their customers and suppliers as partners. And they use technology to drive improvements.

Jill Jenko, in her article in Industry Week (Dec. 11, 2000) states that it may not be so much the initiatives world-class manufacturers undertake as the vigor with which they pursue them that sets these facilities apart. Additionally, while some of the plants could attribute productivity improvements to the purchase of new equipment and technology, they thought of them as manufacturing aids in an overall improvement strategy.

It appears that one way world-class plants get the most from their new processing equipment is to marry its use to lean-manufacturing strategies. Lean strategies involve the implementation of practices that reduce inventory levels and remove waste from the production process. Nearly half of world-class plants have widely adopted predictive and preventive maintenance techniques, practices designed to keep equipment in good operating condition and to prevent unscheduled machine downtime.

The next three lean strategies most frequently cited as widely adopted by world-class plants are:

- just-in-time/continuous-flow production - techniques applied to reduce lot sizes, shorten setup times, drastically cut work-in-process inventory, and reduce manufacturing cycle time;
- quick-changeover - techniques to shorten setup times and allow more frequent changes; and
- focused-factory production systems - a plant configuration and organization structure in which equipment and workers are grouped to create "mini-businesses," each with a specific product line or customer focus.

Interestingly, most world-class organizations consider "people to be their best resources" and this is perhaps the strongest distinguishing factor. Formal training, thus plays a very important role and many of them provide more than 40 hours of training per year per employee!

Another distinguishing factor is a clear collaborative effort up and down the supply chain.

For specific performance measures and more details, read the article by **Jill Jenko** in *Industry Week*, Dec. 11, 2000 - from which this article has been adapted.

2000 BALDRIGE WINNERS ANNOUNCED

Two manufacturers, a water treatment company and a bank received the nation's premier award for performance excellence and quality achievement. The winners are Dana Corp.'s Spicer Driveshaft Division, Toledo, Ohio (manufacturing); Karlee Co. Inc., Garland, Texas (manufacturing); Operations Management International Inc., Greenwood Village, Colorado (service); and Los Alamos National Bank, Los Alamos, New Mexico (small business).

Although the lack of a winner from either the health care or the education categories is seen as a disappointment, one company from each category did receive a site visit. Since 2000 was the first year for these categories to be introduced, we hope we will see an award in these categories next year as organizations get more familiar with the criteria. See article in future issue.

ISO 9000-2000 PUBLISHED

It is finally past the draft version and has been released! The new format for the ISO 9001 standard addresses the basics of a unified process approach by categorizing the organization's activities into five sections. These five sections emphasize the new process approach as follows:

SECTION 4 Quality management system--the global requirements for the quality management system, including the requirements for documentation and record requirements

SECTION 5 Management responsibility--the responsibilities of top management for the quality management system, including management commitment, customer focus, planning and internal communication

SECTION 6 Resource management--the requirements of resources for the quality management system, including the requirements for training

SECTION 7 Product realization--the requirements for products and services, including contract review activities, purchasing activities, design and calibration

SECTION 8 Measurement, analysis and improvement--the requirements for measurement activities, including customer satisfaction measures, data analysis and continual improvement.

The standard may be purchased from the American Society for Quality (ASQ) by calling (800) 248-1946, the American National

Standards Institute (ANSI) by calling (212) 642-4900 or the ISO Central Secretariat by e-mailing sales@iso.ch. More information is also available at the ISO Web site, www.iso.ch.

MEASURE WHAT MATTERS

A multifaceted tool that can be used for communications, alignment, improvement, and control, **THE BALANCED SCORECARD** often is key to organizational success. Based on a study examining balanced scorecards and innovative measurement practices, **APQC** has published a Best-Practice Report, *Measure What Matters: Aligning Performance Measures with Business Strategy*. The report is a result of the acknowledgement of the fact that traditional financial tools alone are inadequate for prospectively managing contemporary organizations. The key findings of the study were derived from primary research performed via five site visits to best-practice organizations and detailed survey questionnaires completed by 18 organizations. The findings, which are organized into three sections, focus on three dimensions: 1) designing a performance measurement system, 2) implementing and operating a performance measurement system, and 3) communicating and driving behaviors.

To learn more about the study, call 713-681-4020, or visit <http://www.apqc.org/pubs/dispPub.cfm?ProductID=1101>

WORLD CLASS PERSPECTIVES

In some ways, defining world-class manufacturing is like the story involving blind men and an elephant: how you describe it depends largely on your perspective. While your customers may measure on-time delivery performance in determining whether your company has cracked manufacturing's upper echelon, suppliers and employees might address the subject from other angles. Some quick perspectives on world-class:

"... you have to have world-class leadership. . ."

"... nailing revenue and other targets with a focus on continuous improvement. . ."

"... is keeping on top of -- or preferably ahead of -- market trends. . ."

"The demand cycle today is shortened quite a bit, so you have to almost anticipate what your customers want and ship it to them so it arrives the minute they decide they want it. . ."

For more information, read Industry Week, Dec. 11, 2000 issue.

If you have any comments/suggestions, please contact:
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MODULES THAT FACILITATE GOAL REALIZATION



ou have been asking us about various tools that can be used and the training we can offer. Here is a quick-view chart that lists many of the diagnostic tools we may use (or train in) as we take you through implementation of change strategies toward attainment of your organizational goals.

TRAINING MODULES THAT FACILITATE GOAL REALIZATION

Assessment / Diagnostic Tools	Organizational Readiness	Preparation/ Implementation	Goal/ Certification
Data Related Histograms Pareto Charts Control Charts Check Sheets Run Charts Scatter Diagrams Focus Interviews Interface Studies Roles & Responsibility (R&R) Charting QFD FMEA (Failure Mode & Effects Analysis) MSA (Measurement System Analysis) Non-Quantitative Tools Flow Charting Force Field Analysis Cause & Effect Diagram	Work Team Structure Dynamics Conflict Resolution Overcoming Resistance to Change Coaching/Feedback Managing Change Meeting Effectiveness Facilitation Skills Communication	Project Mgmt/Gantt Charting Internal Auditing Documentation Control R & R Charting Process Mapping Presentation Skills Problem Solving/Decision Making Affinity Diagrams Prioritization Matrices Process Decision Program Charting Interrelationship Diagrams Statistical Process Control Metrics Benchmarking Corrective/Preventive Action	ISO 9000 QMS (Quality Mgmt System) ISO/TS 16949 (Auto) AS 9000 (Aerospace) TL 9000 (Telecom) FDA's QMS - GMP (Medical Device) ISO 14000 (Environmental) Activity Based Management (ABM) Six Sigma Lean Thinking Baldrige Award Reengineering Balanced Scorecard

Foundation of All Change Management Efforts

Program Specific

Questions?

Call us at 877-pivotmc (877-748-6862)

Triche Guenin

The Rule for Improvement!

Training is big business; yet PIVOT has focused on implementation rather than training. Training creates certain expectations in the minds of employees. As they train their perception changes from uninformed skepticism to informed optimism. They start believing that they are being given tools to make effective changes in their organizations, to make improvements to work activities.

This perception gets shattered as they wake up to the realities of the workplace. Fighting fires takes precedence, and opportunities to make a real impact and improvements fade. . . frustration sets in, eventually leading to skepticism. No real change happens.

We have found that an effective approach to incorporate as part of a training program (e.g. lean thinking, six sigma) is to require the trainees, upon completion of the course, to prepare a plan to implement what they've just learned. This proposal is presented to management at the last session. A discussion ensues and some of the projects get

approved before the end of the day. This activity does four things:

- 1) provide an opportunity for the trainees to learn how to prepare a project proposal,
- 2) maintain the momentum for improvement after the formal training ends;
- 3) provide the company with the benefits of the training in real results; and
- 4) enable employees to use some of their recently acquired knowledge.

The best part is that they get to demonstrate that improvements to their work can be made by people at lower levels of the organization!

Many successful organizations recognize this fact. At the Ritz Carlton Hotel, house-keeping staff changed their process to allow them to service the rooms expediently, keep up their morale, and ensure personal safety. At an insurance company, claims processors applied the tools learned to improve their claims processing time by over 70%. At a fiberglass fabric manufacturer, production employees solved a creasing problem that had persisted for a long time. It doesn't

matter what the size of the company nor the organization's industry, many examples can be cited where improvements were initiated AND IMPLEMENTED by people at the worker bee level.

The key is that for people to consistently make effective changes, they must know how to change, be provided the tools to make the change, and understand who is responsible for enabling the change(s) to happen. Along these lines, Toyota explicitly teaches people how to improve, not expecting them to learn strictly from personal experience. That's where the rule for improvement comes in. Specifically, the Rule for Improvement stipulates that any improvement to work activities, to connections between workers, machines, and/or to pathways must be made in accordance with the scientific method under the guidance of a teacher (initially) and at the lowest possible organizational level! *Do you follow the Rule for Improvement?*

Akhilesh Gulati, Principal

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