“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.”

- W. Edwards Deming
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
- IE Dad
- Systems Guy
- Razorback
- Time freak
- Long distance runner
- Music lover
- Sports nut
- Movie watcher

Plus, I also take continuous improvement way too seriously!! ... or do I?
# 30 Years of Personal Quality Growth

<table>
<thead>
<tr>
<th>1980</th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
<td><strong>Title</strong></td>
<td><strong>New Learnings</strong></td>
<td><strong>Quality Process</strong></td>
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<tr>
<td>Plastic &amp; Metal Toys</td>
<td>IE</td>
<td>Time Studies, Line Layout</td>
<td>Looking at Crosby</td>
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<td>Plastic Roofing</td>
<td>Pay for Ideas / QCs</td>
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<td>Senior IE</td>
<td>Annual planning process, team facilitator</td>
<td>Self Directed Work Teams, Quality Circles</td>
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<td>Candy Bars</td>
<td>IE Manager / Production Manager</td>
<td>Front line management, training development</td>
<td>Suggestion System w/ Teams</td>
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<tr>
<td>Freight Pickup and Delivery</td>
<td>Director of Quality</td>
<td>Quality process implementation, growth, service work</td>
<td>“Build Quality into the Job” Process</td>
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<tr>
<td>Flavored Syrup</td>
<td>Plant Manager</td>
<td>Intl” / young work force</td>
<td>Quality into the Job</td>
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<tr>
<td>Great Systems</td>
<td>Perf. Improvmt. Coach</td>
<td>Vast, consistent challenges</td>
<td>Process Excellence</td>
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</tbody>
</table>

**New Learnings:**
- Time Studies, Line Layout
- Plastic Roofing
- Annual planning process, team facilitator
- Front line management, training development
- Quality process implementation, growth, service work
- Intl’/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
- AQP Officer
- 11 Years as an Examiner
As they are learned, these principles are applied as part of the way one does their job.
30 Years of Personal Learning

1980
- My First Quality Circle
- Pay for Ideas
- Capital Justification

1990
- Self Directed Work Teams
- Insulation and Personal Change
- 23 Different Cultures

2000
- Open Book Management
- Balanced Scorecards
- Daily Improvement Process

2010
- MBA
- AQP / Team Excellence
- Baldrige Examiner
- It Really Works!
- It’s Worse Than I Thought!!
- Systems Shape Culture

Fill In Supervisor
Annual Planning Process
Challenge of the Time Hump
Leadership Index Use
Leadership Development Process

Standard Costing
Project Teams Done Right
OIP

Toys
Pens
Roofing
Candy Bars
Trucking
Syrup
TapRooT®

Great RCA!
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Exploring Process Excellence

- **WHAT is process excellence?**
  Minimal waste, consistent improvement, best in class at meeting or exceeding customer expectations

- **HOW do you achieve it?**
  Define and build process excellence into EVERY employee's daily job

- **HOW do you know if you are making progress?**
  1. Sustained improvement over time (3-5 years)
  2. Sustained improvement in all areas of importance
  3. Nearing or at 'best in class' levels

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How Fast Can You Go?

- Can you run a five minute mile?
- Can you reduce your daily commute time by 10% each year?
- Can you make 100% of your free throws?
- Can you earn $1 million next year?
- Can you achieve a zero defects goal?

A system can only give you what it is designed to give you.
If we want to go faster (higher levels of performance), we have to take the plates off.

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

Faulty work systems are similar to restrictor plates on NASCAR vehicles

We have to change our work systems in order to sustain higher levels of performance.
Three Key PE Restrictors

- Employee turnover rates are high
  You can’t spend time on process improvement if you are spending time bringing new people up to speed

- Span of control ratios are too large
  Spans of control have gotten very out of control in many, if not most organizations

- Little time exists for process improvement
  You can’t go to the bank and take out a ‘time loan’ and most people aren’t going to spend more time on the job
How to Destroy Improvement Initiatives

- Provide little time for projects
- Allow leaders to behave badly
- Layoff people as processes are improved
- Ignore process capability
- Fail to recognize improvement success
- Ignore non-operations processes
- Rely only on project teams
- Restrict information flows

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What’s Holding Us Back?

- We have not learned from the past
- We don’t see all work as a process
- Our leaders can’t use our tools
- We only engage a small percentage of our people
- We can’t find time for improvement

% of Workforce Engaged

% of Processes DMAI’d

Efficient Workplace

High Performance Workplace

Traditional Workplace

Engaged Workplace

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A Formula for Sustainability

Sustainability Index = \( \% \text{ of people engaged} \times \text{Engagement EF} + \% \text{ of time invested} \times \text{Time Use EF} + \% \text{ of processes affected} \times \text{Analysis EF} \)

An effectiveness factor applies to each percentage (EF)

- What percentage of the meeting, e-mail, and training time we spend each day is value added?
- How do I know if this time is being spent in a value added manner or not?
- Why are leaders allowed to consistently waste time, even though they make more per hour than the front line folks?
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
We have not learned from the past

“Those who do not learn from the past are doomed to repeat it.”

- George Santayana
Have We Really Improved That Much?

If Japan Can Why Can’t We?
Out of the Crisis
Total Quality Management
The Seven Habits of Highly Effective People
Re-engineering the Corporation
Self Directed Work Teams
Baldrige National Quality Award
Six Sigma
Open Book Management
Supply Chain Management
Lean Six Sigma
The GE Way

Quality Circles
1980

The Fifth Discipline
1990

Being Digital

Public Six Sigma Certifications

The 30 Years of Improvement?

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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
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
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
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?
Have We Really Improved That Much?

% of People with Process Improvement Skill Proficiency

% of People Who Practice Effective Group Dynamics

% of People with Solid Relationship Building Skills

Have We Really Improved That Much?
We don’t see all work as a process

“All work is a process, and all processes can be designed, measured, and improved.”

- Phillip Crosby
What is a Process?

A linked set of activities that are designed to provide a product or service for customers within or external to the organization.

How many key processes do you own?
Comparing Process Improvement Approaches

Cultural Challenge

Accepting certain forms of waste as just the way things work around here

Traditional Approaches

• Process improvement are project team driven, not owner driven
• Certain waste streams are unrecognized, and others are accepted
• Corrective actions are poorly designed and implemented

High Performance Approaches

• All key processes have been defined per customer requirements
• Work teams support project teams via daily continuous improvement
• All leaders possess process improvement skills and hone them over time
Work Processes We Ignore

- Meetings
- Leadership Development
- Annual and Strategic Planning
- Internal and External Customer Recognition
- Internal and External Customer Satisfaction
- Performance Review
- Performance Measurement
- E-mail
- Project Development
- Job Design and Time Utilization

Work = People spending time and money to make money
## How Defined are Your Processes?

<table>
<thead>
<tr>
<th>Key Healthcare Process Area</th>
<th>Key Value Creation Processes</th>
<th>Key Customer Requirements</th>
<th>Key Measures</th>
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<tbody>
<tr>
<td><strong>Admitting</strong></td>
<td>Scheduling</td>
<td>Timely</td>
<td>Wait time</td>
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<td>Precertification</td>
<td>Productive</td>
<td>Registration cycle time</td>
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<td>Cycle Time</td>
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<td>Patient Throughput</td>
<td>Accurate</td>
<td>Physician satisfaction score</td>
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<td>Initial Assessment</td>
<td>Infection rates</td>
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<td>Planning</td>
<td>Medication errors</td>
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<td></td>
<td>Provision</td>
<td>Cost per day</td>
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<td>Implementing</td>
<td># of potential avoidable days</td>
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<td></td>
<td>Intervention</td>
<td>Length of stay</td>
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<td>Evaluation</td>
<td>Mortality rates</td>
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<tr>
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<td>Resolution</td>
<td>JCAHO Core Measures</td>
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<td><strong>Care Support</strong></td>
<td>Laboratory</td>
<td>Turnaround time</td>
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<td>Radiology</td>
<td>Plan of care quality</td>
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<td>Pharmacy</td>
<td>Physician satisfaction score</td>
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<td>Nutrition</td>
<td>Nutrition assessment</td>
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<td>Surgical Services</td>
<td>Patient satisfaction score</td>
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<tr>
<td><strong>Discharge</strong></td>
<td>Plan</td>
<td>Patient satisfaction score</td>
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<td>Education</td>
<td>Discharge instructions documented</td>
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<td>Billing</td>
<td>Average length of stay (ALOS)</td>
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<td>Coding</td>
<td>Gross days in AR</td>
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<tr>
<td></td>
<td>Case Management</td>
<td>Unplanned readmits</td>
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</tr>
</tbody>
</table>

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Using Improvement Tools to Improve

**DEFINE**
- Process Definition Matrix
- Process Flow Chart
- Value Stream Map
- Waste Stream Identification
- Mistake Proofing

**IMPROVE**
- Key Project List
- Kaizen Teams
- 5S Process
- Quick Changeover
- Visual Workplace
- Process Improvement Process
- Other Quality Tools
- Pareto Charts
- Root Cause Analysis
- Scorecards and Dashboards
- Trend and Control Charts
- Waste Incident Database
- Performance Summary Spreadsheet
- 5S Process
- Waste Stream Identification
- Pareto Charts
- Root Cause Analysis

**ANALYZE**
- Scorecards and Dashboards
- Trend and Control Charts
- Waste Incident Database
- Performance Summary Spreadsheet

**MEASURE**
- Scorecards and Dashboards
- Trend and Control Charts
- Waste Incident Database
- Performance Summary Spreadsheet

- Key Project List
- Kaizen Teams
- 5S Process
- Quick Changeover
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- Root Cause Analysis
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- Waste Incident Database
- Performance Summary Spreadsheet

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How Do You Know If You’re Improving?

Daily waste tracking and performance trending are critical when pursuing process excellence.

- What are your key performance areas?
- What are your key processes?
- What are your key performance measures?
- What are your primary waste streams?
- What are your process transaction costs?

Do you trend performance over time?

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Our leaders can’t use our tools

“The stone age was marked by man's clever use of crude tools; the information age, to date, has been marked by man's crude use of clever tools.”

- Unknown
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?
Every process owner must ...

- Spend more than 60% of their time with their people
- Track and trend key process metrics daily
- Know where key process hazards and waste exist
- Keep a running list of possible improvements
- Eliminate existing job waste to make time for new tasks

Should personal change be optional?
Comparing Leadership Approaches

Cultural Challenge

Measuring leaders only by the results their people get for them

Traditional Approaches

- Leaders are measured only by the results their people get for them
- Leaders are ‘trained’, but they rarely have to demonstrate competence
- Leaders rarely have to prove the value of the decisions they make

High Performance Approaches

- Leadership behavior effectiveness is measured
- Leaders are measured on the processes they own (i.e. meetings)
- The leadership development process is reviewed and improved annually – leaders have to demonstrate personal growth

The Terrible Twins

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Measuring PE Accountability

- Assess PE support openly at Leadership meetings
- Track action plan and project completion progress (% complete)
- Show improved results / list improvements in monthly report
- Include PE support statement in bottom-up Leadership Index
- Require course completion / certificate attainment

Should the excellence of your work depend on the job that you do?
How Do Your Leaders Behave?

My manager or supervisor ...

1. Works with me to define the expectations of my job
2. Helps us find ways to do our jobs better
3. Is willing to spend time listening to my concerns
4. Lets me know when I have done a good job
5. Asks for my ideas about things affecting our work
6. Treats me with respect and dignity
7. Keeps me informed about things I need to know
8. Lets me do my job without interfering
9. Makes an effort to understand my point of view
10. Keeps favoritism from being a problem in our workgroup
11. Makes sure that continuous improvement is part of my daily job

SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD
SA  □  AD  D  SD

LI = 45%

- Which leaders should be measured with an index?
- What minimum score should be considered acceptable?
- How long should we tolerate ‘poor performance’?
# Who Should Learn What?

## Process Excellence Training Curriculum

<table>
<thead>
<tr>
<th>Seven Quality Tools</th>
<th>Process Analysis and Improvement</th>
<th>Managing Group Dynamics</th>
<th>Team Facilitation Skills</th>
<th>Trending and Variation</th>
<th>Applying Lean Tools and Techniques</th>
<th>Excel Spreadsheet Basics</th>
<th>Process Costing Basics</th>
<th>Project Planning and Management</th>
<th>Achieving Customer Amazement</th>
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</table>
We only engage a small percentage of our people

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

- W. Edwards Deming
Why Project Teams Aren’t Enough

- Only a small percentage of the organization is involved
  - If you aren’t on a team, you don’t have to improve
  - Improvement only happens in team meetings
  - Support for implementing team ideas is generally low

- Team effectiveness varies significantly
  - You only have so many skilled team leaders
  - Most teams and team leaders are poorly trained

- Teams are rarely integrated into the larger work systems
  - Team time is not designed into jobs and costs

- Unsupported teams run out of gas in 2-3 years
  - People tire of using ‘extra’ time to support teams
Organizational Improvement Drivers

- Daily Work
- Team Efforts
- Implemented Projects

Effectiveness vs. Time

Now

Future
Barriers to Team Effectiveness

- Limited long term commitment
- Lack of team and leader skills training
- Team process seen as an add-on
- Lack of support for meeting attendance
- Low alignment with company goals
- Lack of project development resources
- Team resource costs not known
- Lack of project time between meetings

Each barrier will compromise effectiveness to some degree

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How to Measure Engagement

What percentage of your workforce …

- Has E-mail and intranet access?
- Is on a formal project or focus team?
- Attends monthly performance update meetings?
- Participates in annual planning efforts?
- Is formally recognized each month?

Other engagement measures:

- Average ideas submitted per employee
- Absenteeism and retention %’s
- Survey response rates
- Training hours per employee
- Certifications earned per person
- Total dollars saved / # of projects implemented

Employee hours invested totals can also be trended in many of these areas.
An Example of Engagement

205 employees – one location - manufacturing

- Monthly all employee meetings – one per shift
- 65% minimum project team involvement
- 14 active teams on average – 9 people per team
- 8 hours of training for all team members
- 8 additional hours of leader training
- Annual plan drove all improvement efforts
- Monthly half day team leader meetings
- Facility shut down one hour/shift each week for meetings
- Team meeting and training costs built into standard costs
- 90% of supervisors served as team leaders
- Process teams were self-directed
- 1 full time facilitator - 8 person steering committee met weekly

Teams and individuals saved over $1 million per year
# Example Team Infrastructure Matrix

<table>
<thead>
<tr>
<th>Position / Function</th>
<th>Process (Work) Teams</th>
<th>Focus Teams</th>
<th>Project Teams</th>
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<tbody>
<tr>
<td></td>
<td>R &amp; D</td>
<td></td>
<td></td>
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<tr>
<td>Sales / Marketing</td>
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<tr>
<td>R &amp; D</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Warehouse</td>
<td>6</td>
<td>1</td>
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<td>Quality Assurance</td>
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</table>

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PE Restrictor #5

We can’t find time for improvement

“Time is free, but it’s priceless. You can’t own it, but you can use it. You can’t keep it, but you can spend it. Once you’ve lost it, you can never get it back.”

- Harvey MacKay
Shifting Mindsets Over Time

Total Time Spent at Work

Doing Reactive Tasks

Doing Proactive Tasks

% of Daily Work Time

Time

NOW

FUTURE

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Comparing Job Design Approaches

Cultural Challenge

Reactive approaches to process management and improvement

Traditional Approaches

- Majority of personal time is spent working alone and fighting fires
- Limited time is budgeted for project development and learning
- Process improvement and project time investments are waste laden

High Performance Approaches

- Majority of time is spent working in teams and on projects
- Personal time is spent in a process-focused manner
- Job designs are regularly reviewed and adjusted – realignment occurs
## Finding Time for Change

<table>
<thead>
<tr>
<th>Key Job Tasks</th>
<th>Hours / Week</th>
<th>% Value Added</th>
<th>Weekly Waste</th>
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<tbody>
<tr>
<td>Meetings</td>
<td>10</td>
<td>50%</td>
<td>5</td>
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<td>E-Mail</td>
<td>5</td>
<td>65%</td>
<td>3</td>
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<td>Process Documentation</td>
<td>7</td>
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<td>4</td>
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<tr>
<td>Personnel Issues</td>
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<td>25%</td>
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<tr>
<td>Improvement Projects</td>
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<tr>
<td><strong>Totals</strong></td>
<td>40</td>
<td>40</td>
<td>20</td>
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</table>

Convert weekly waste into time for process improvement and learning.
Examples of Meeting Waste

How to Waste Meeting Time

- Repeat information for latecomers
- Fail to reach consensus
- Read to people
- Don’t use an agenda
- Base decisions on opinion only
- Discount contributions of others
- Don’t do regular process checks

Types of Meeting Defects

- Going off on tangents
- Ground rule violations
- Exceeding time allotments
- Dominating conversations
- Limited contribution
- Starting or ending late
- Failing to achieve objectives
- Discounting contributions

How do you track and reduce meeting waste?
### March 2007 Performance Summary for Operations Team Meetings

**Avg. Labor Cost per Hour:** $30.00  
**Meeting Process Owner:** Bob Thompson  

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting Type</th>
<th># of People</th>
<th>Planned Length</th>
<th>Actual Length</th>
<th>Extra Minutes</th>
<th>Meeting Cost</th>
<th>Effec. Score</th>
<th>Total Defects</th>
<th>Late Arrivals</th>
<th># of Tangents</th>
<th># of Discounts</th>
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<td>Daily Operations</td>
<td>8</td>
<td>30</td>
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Now ... What’s Holding You Back?

- Are you learning from the past?
- Do you see all work as a process?
- Can your leaders use your tools?
- Are you engaging a high percentage of your people?
- Can you find time for improvement?

<table>
<thead>
<tr>
<th>% of Processes DMAI’d</th>
<th>% of Workforce Engaged</th>
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<tbody>
<tr>
<td>LOW</td>
<td>HIGH</td>
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<tr>
<td>Efficient Workplace</td>
<td>High Performance Workplace</td>
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<tr>
<td>Traditional Workplace</td>
<td>Engaged Workplace</td>
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</table>

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Key Action Plan Items

How to Learn From the Past

- Benchmark existing high performers
- Admit it when something does not work
- Keep learning – do your research – network and share

How to See All Work as a Process

- Identify the repetitive actions that you spend time on
- Flow chart process steps – identify waste streams
- Identify the customers of the work you do each day
- Complete a process definition matrix for your site
Key Action Plan Items

How to Engage More People

- Build team time into job descriptions and budgets
- Provide bottom up idea submission access
- Define ‘time with people’ requirements for all leaders
- Survey regularly and address poor results with system changes
- Regularly recognize team success – build a recognition system

How to Find Time for Improvement

- Measure meeting effectiveness – reduce meeting waste
- Eliminate non-value added e-mails – DMAI the e-mail process
- Don’t chase squeaky wheels – use project time wisely
- Make system changes to minimize personnel issues

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Key Action Plan Items

How to Help Leaders Use the Tools

- Use a Leadership Index to gauge behavior and task consistency
- Build tool use requirements into job descriptions
- Require periodic improvement project presentations
- Base % of compensation on demonstrated skill application success
- Provide application and practice-based improvement tool training
To earn a high performance team leader certificate, a process owner must:

- Establish a **Leadership Index** baseline and reach / maintain a 75% level over the course of six months
- Demonstrate daily use of a **performance summary spreadsheet**, **performance dashboard**, and **waste incident database**
- Submit 6 **monthly reports** which highlight projects implemented and show positive results trends
- Show progress over 6 months in terms of **key project list** use – projects added and projects completed
- Complete a **team facilitation skills course** and practice skill use for 12 hours in a process or project team setting

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In a high performance work environment ...

- All work is seen as a process across the workforce
- Processes are clearly defined – owners, requirements, measures
- Management system performance is central to success
- Management systems are deployed to include all key stakeholders
- Customers and other stakeholders are engaged on a regular basis
- Majority of employees can validate why the organization succeeds
- Processes are consistently improved over time
- Process results are improving in most areas of importance
- Process results are sustainable and improving towards best in class
Leadership behavior must be measured

Key process data should be captured daily / per cycle

All measures have trend lines (process behavior)

Balanced scorecards should exist for all processes

Each process owner should keep a performance spreadsheet

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
Contact Info

E-mail: Kevin@greatsystems.com

Snail mail: 70460 Walker Road
Rainier, OR 97048

Phone: 206.226.8913

Website: www.greatsystems.com

Root Cause and Incident Analysis: www.taproot.com

If you like this workshop, you might like my book -
“You Can’t Win Indy in an Edsel – How to Develop a High Performance Work Culture.”

It can be purchased with a credit card for $20 through Amazon.com.