

SAP LEAN SUMMIT

Accelerating Business Improvement in the New Economy

*Vital Advice for Small and Mid-Sized
Companies . . . And Everyone Else*



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Business By Design



Preview of What's Ahead . . .

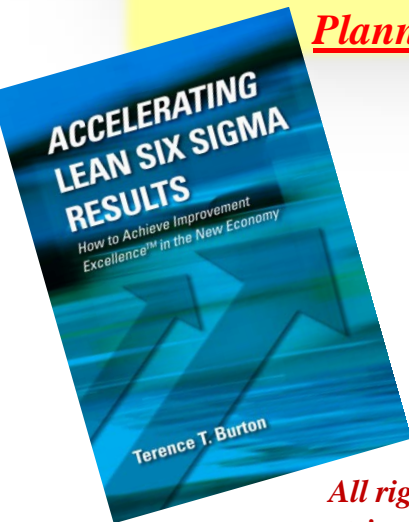


“Accelerating Lean/Six Sigma Results”

How to Achieve Improvement Excellence™ in the New Economy

By
Terence T. Burton

Planned Release Date: January, 2011



“The inspiration”



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The Latest Improvement Death Spiral

Real comments From Real Leaders . . .



-  ***“We’ve been given directives to improve organically but we’re holding off for now.”***
-  ***“We’ve downsized on our improvement efforts. We needed to cut overhead.”***
-  ***“Our people are just so busy doing their regular jobs that they don’t have the time and bandwidth to improve.”***
-  ***“There’s too much going on to think about improvement. Besides, it’s not part of my goals.”***
-  ***“We haven’t had time to improve, but now that its another mandate, we really don’t have time to improve.”***
-  ***“We can’t afford to improve until 2011 or 2012. There’s a corporate freeze on discretionary spending.”***

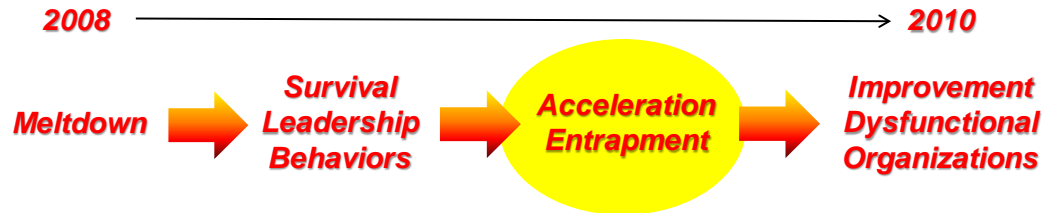
2008

2010





Sponsored by


"Acceleration Entrapment"




 ***Constant change in direction and priorities, and the associated performance expectations;***

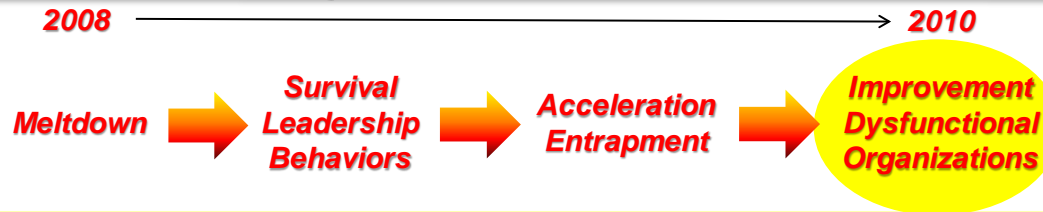
 ***Continuous “loading up” of organizational activities without regard to previous workloads, conflicting objectives, and capacity to execute effectively;***

 ***Chaos and Interference – Following up with endless directive after directive that undermines process, encourages firefighting, and shuns root cause problem solving;***

 ***Perception of productivity but nothing much is changing . . . Failures focus on blame – “Lack of motivation, loyalty, commitment, and incompetence;”***

 ***Frenzied leadership behaviors destroy trust, credibility, and personal initiative – Traits include hollow commitment, stress, fear, lack of time, defeatist attitudes.***

"Improvement Dysfunctional Organizations"



- When Acceleration Entrapment becomes the believable strategy and accepted norm;
- One way, dictatorial leadership that discourages discussions, negotiation and disagreement;
- A significant amount of launched disconnected and questionable activity;
- Survival politics and agendas;
- Overloading and underutilization of key resources;
- Acceptance of mediocrity, waste, band aid fixes, and the appearance and perception of getting things done;
- Too much talk, too many versions of the facts, and too much time wasted via meetings, emails, conference calls, texts, etc.;
- A false sense of productivity and improvement;
- There is a “hold” on organizational and talent development, and a failure to recognize that *“The same thinking that got us here will not get us to where we need to go.”*

Deployment Results

2010 FACT: Over 80% of Lean, Six Sigma, IT, and other strategic improvement initiatives are failures relative to their potential. This is a conservative number.

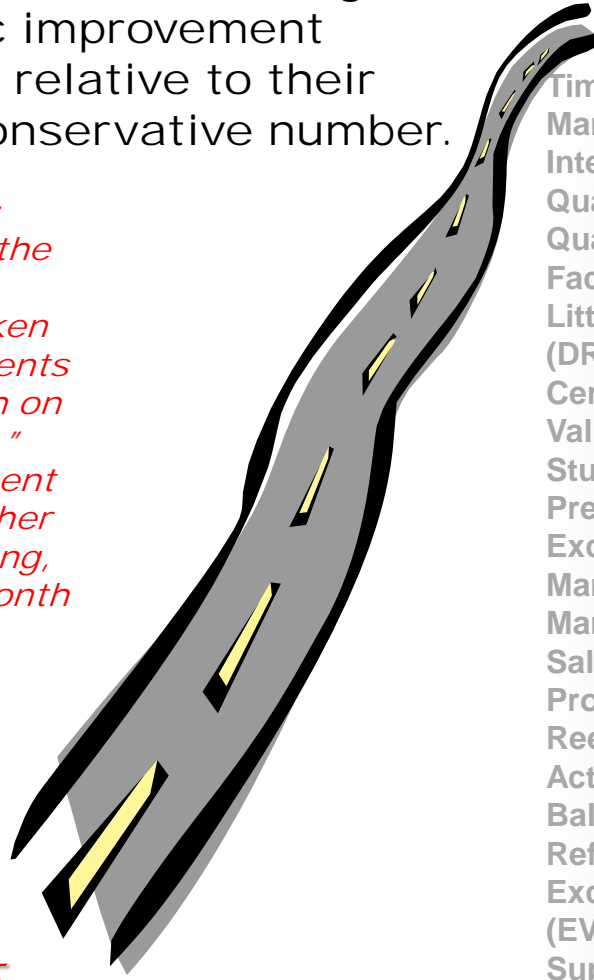
The 80% Failures:

The "Short View" is the road to failure.

Commitment is a token agreement. Deployments are focused too much on training and "belts."

Eventually improvement efforts become another culturally demoralizing, costly flavor-of-the month initiative.

FAILURE



*Leadership Commitment
Lack of Infrastructure
Too much focus on tools!*

Improvement Circa 1975 – 2010

Time and Motion Studies, Scientific Inventory Management, MTM and Therbligs, MODAPTS, Short Interval Scheduling (SIS), Operations Research, Quality Circles, PDCA, Kepner-Tregoe (KT), Total Quality Management (TQM), Productivity, Human Factors and Ergonomics, Simulation Modeling, Little mrp, Distribution Requirements Planning (DRP), MRPII, ERP, Just-In-Time (JIT), OPT, APICS Certification, Statistical Process Control (SPC), Value Engineering (VE), EVOP and Optimization Studies, Boothroyd-Dewhurst DFMA, Total Preventive Maintenance (TPM), Single Minute Exchange of Die (SMED), Continuous Flow Manufacturing (CFM), Pipeline Inventory Management, Demand Flow Technology (DFT), Sales and Operations Planning (S&OP), the Toyota Production System (TPS), Business Process Reengineering (BPR), Theory of Constraints (TOC), Activity Based Costing (ABC), Benchmarking, Balanced Scorecard, Supply Chain Operations Reference Model or SCOR, Product and Cycle Time Excellence (PACE), TRIZ, Economic Value Added (EVA), Supplier Relationship Management (SRM), Supply Chain Management (SCM), Customer Relationship Management (CRM), Product Life Cycle Management (PLM), Value Stream Mapping (VSM), 5S, 6S, 7S, Lean, Six Sigma, Outside In (OI), *Sponsored by* Lean/Six Sigma

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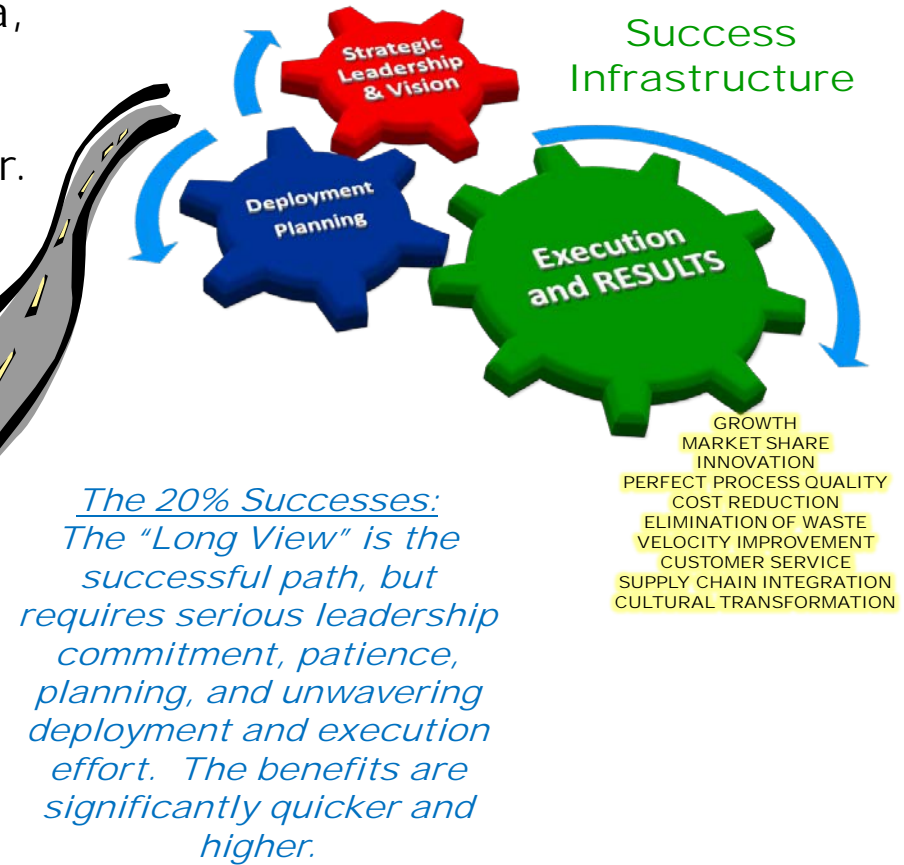
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FAILURE



The 20% Successes:

The "Long View" is the successful path, but requires serious leadership commitment, patience, planning, and unwavering deployment and execution effort. The benefits are significantly quicker and higher.

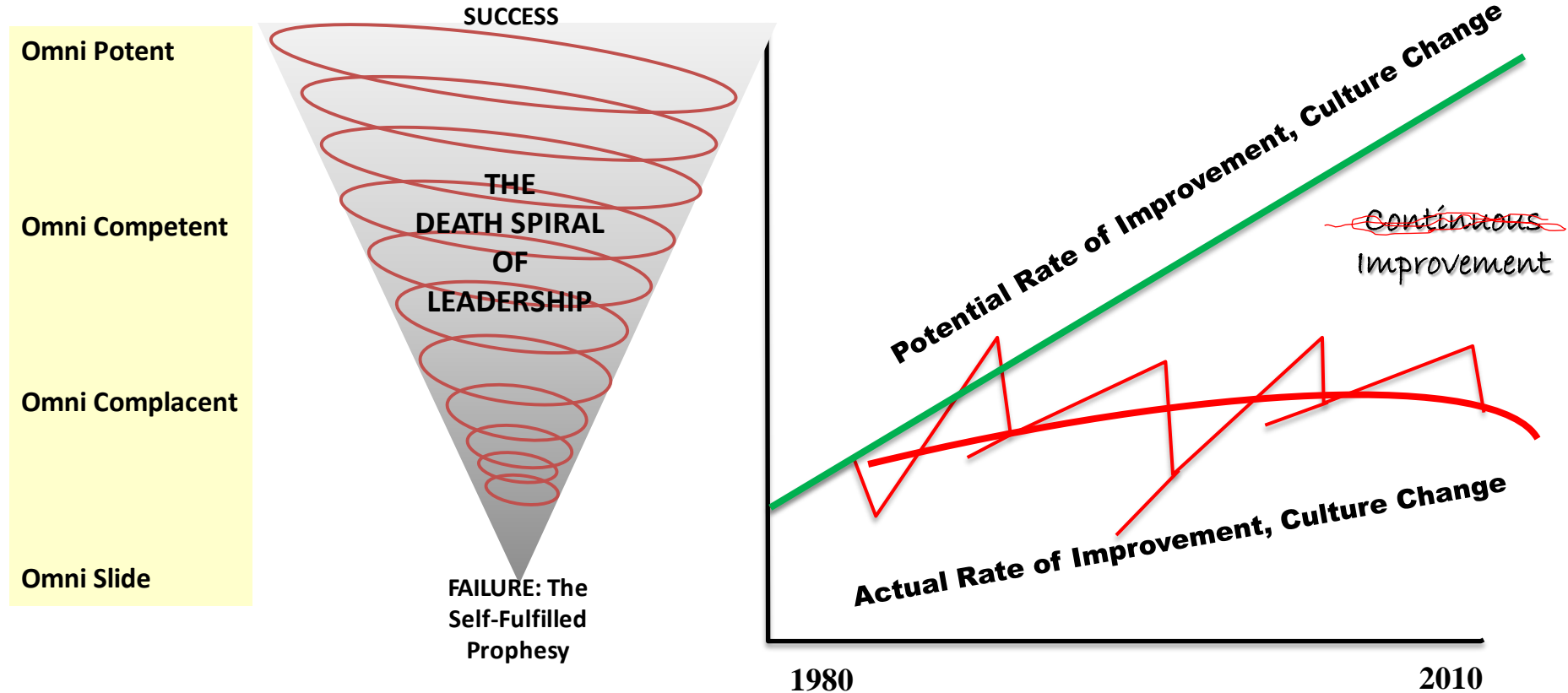
"The Devil is in the Details."

Our clients are the 20%'er's



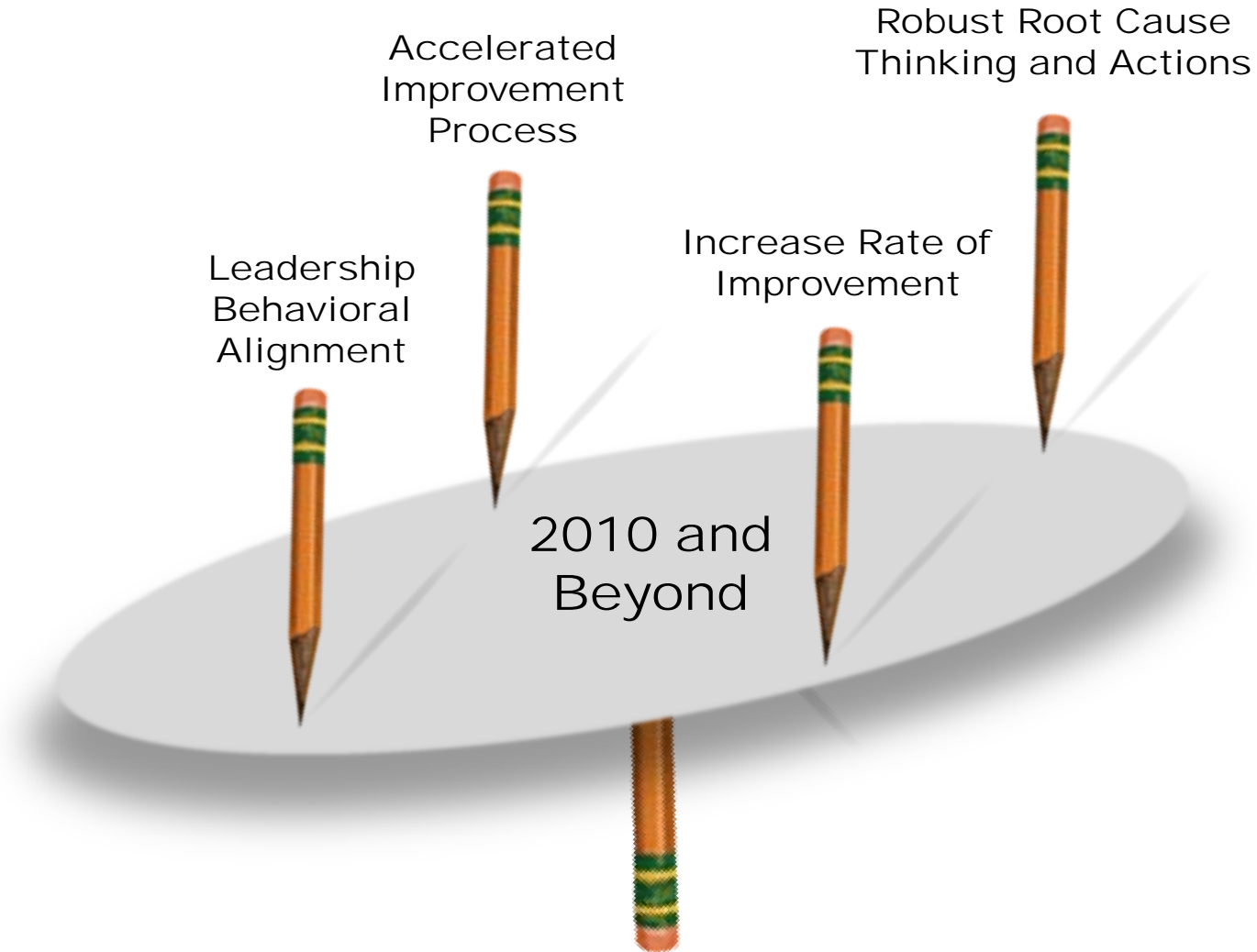
The Omni Pattern

Why Organizations Fail at Continuous Improvement



The “Omni Pattern” Impact on Improvement and Cultural Transformation

New Economy Challenges

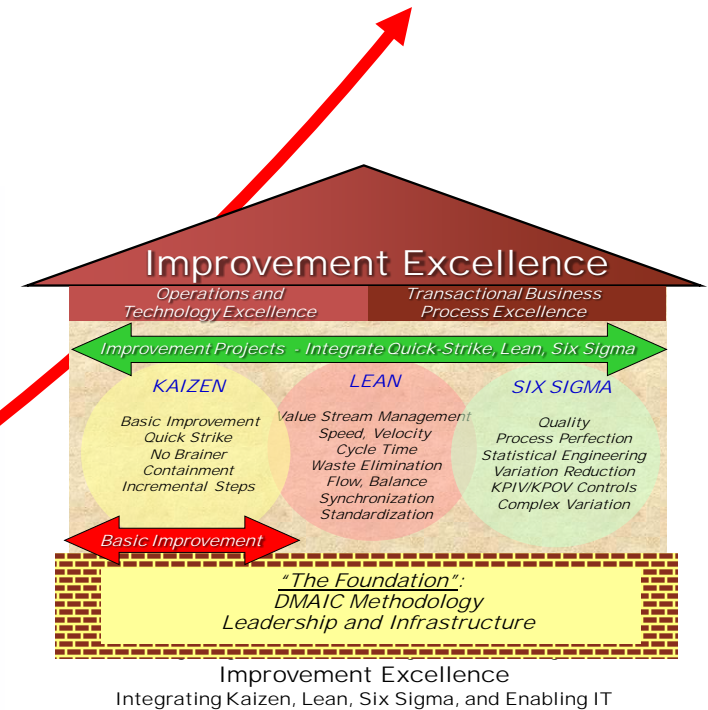


Achieving Improvement Excellence™



Improvement Excellence™

The mastery of developing and implementing successful strategic and continuous business improvement initiatives, transforming culture, and enabling organizations to “improve how they improve.”



Improvement Excellence™ is a legitimate Core Competency missing in many organizations

The Foundation Infrastructure



Lean/Six Sigma



- **Leadership**
- **Strategy**
- **Structure**
- **Education**
- **Process**
- **People**
- **Technology**
- **Measurement**

GROWTH
MARKET SHARE
INNOVATION
PERFECT PROCESS QUALITY
COST REDUCTION
ELIMINATION OF WASTE
VELOCITY IMPROVEMENT
CUSTOMER SERVICE
SUPPLY CHAIN INTEGRATION
CULTURAL TRANSFORMATION

Scaleable Lean/Six Sigma™ Model



***The Critical
Differentiators
of Rapid Deployment,
Rapid Results, and
Improvement Excellence™***



Improvement Excellence

*Operations and
Technology Excellence*

*Transactional Business
Process Excellence*

Improvement Projects - Integrate Quick-Strike, Lean, Six Sigma

KAIZEN

*Basic Improvement
Quick Strike
No Brainer
Containment
Incremental Steps*

LEAN

*Value Stream Management
Speed, Velocity
Cycle Time
Waste Elimination
Flow, Balance
Synchronization
Standardization*

SIX SIGMA

*Quality
Process Perfection
Statistical Engineering
Variation Reduction
KPIV/KPOV Controls
Complex Variation*

Basic Improvement

*"The Foundation":
DMAIC Methodology
Leadership and Infrastructure*

Improvement Excellence

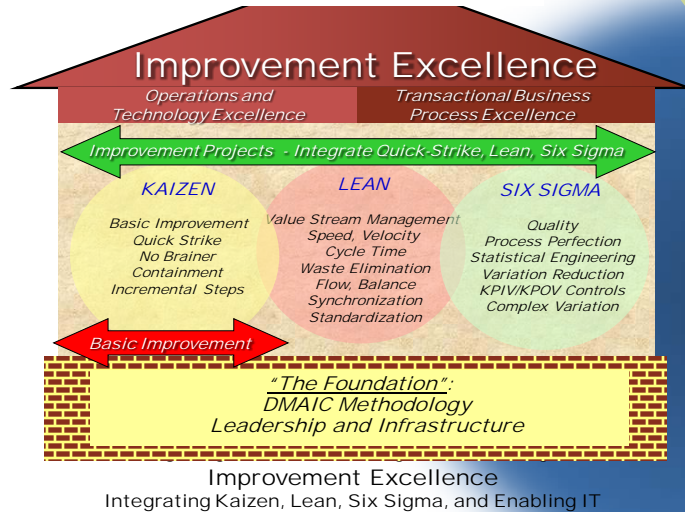
Integrating Kaizen, Lean, Six Sigma, and Enabling IT

Leadership



Improvement

Enabling IT

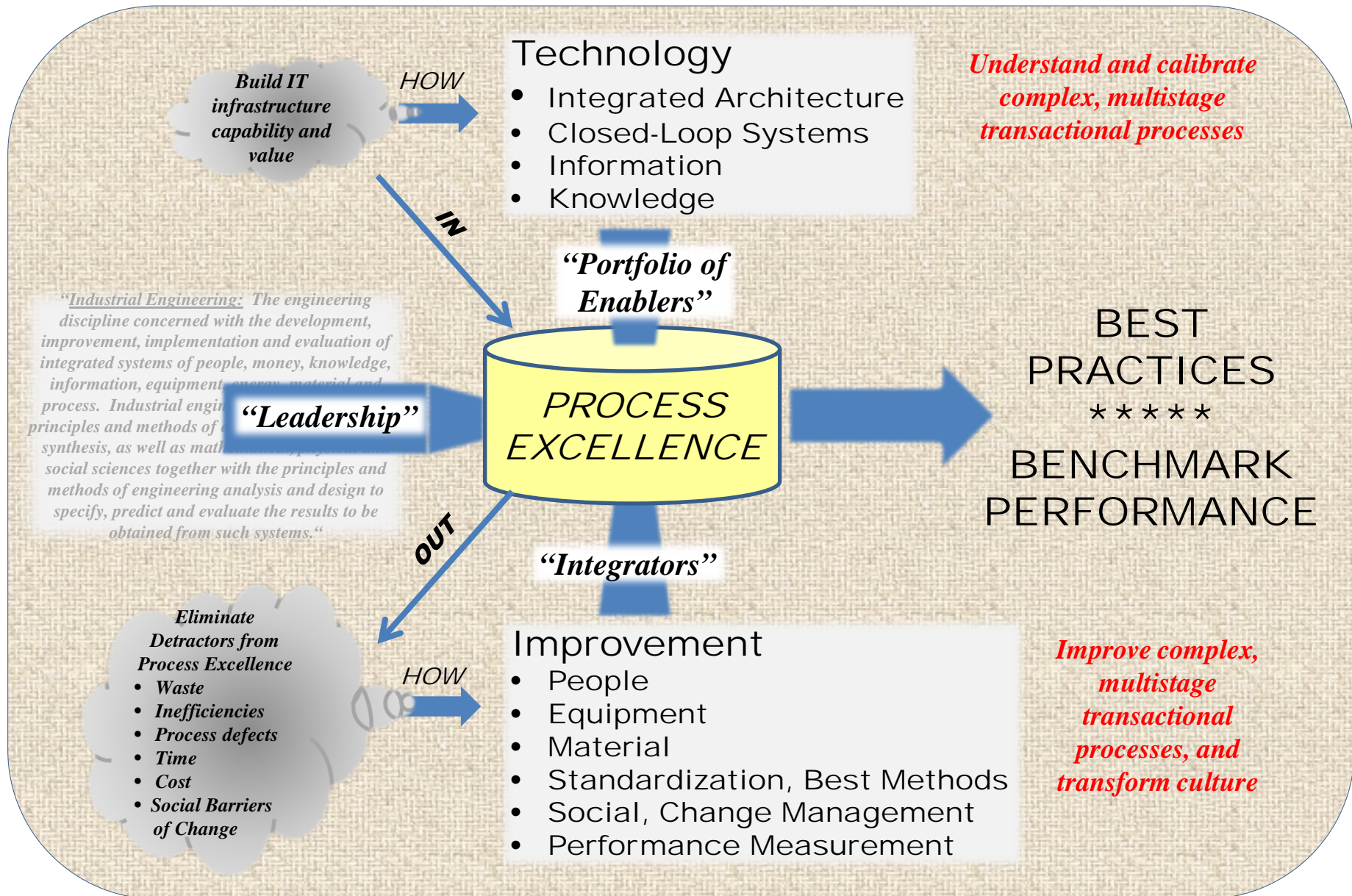


Integrated – Single Version of Truth
Fact-Based, Data-Driven Decisions
Root Cause Thinking
Real Time, Adaptive ("SIDAR")
Visible, Event Driven Metrics



Improvement Excellence™

Intersection of Leadership, Improvement, and Enabling IT



Drivers of Best Practices

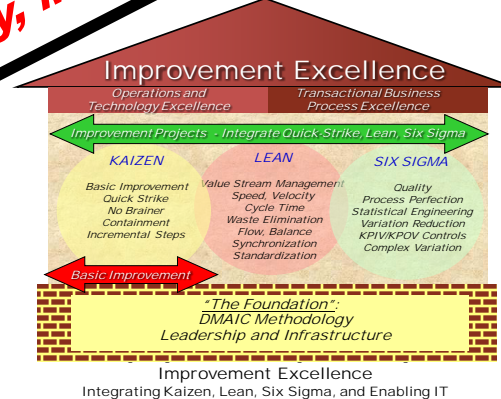
The Future of Improvement

Count on it !

Velocity of Demands and Complexities
Integrated Technology a Larger Factor
Accelerated Improvement Models
Interdependent Transactional Enterprises
Improvement Innovation and Creativity
Strategic Partnering and Relationships

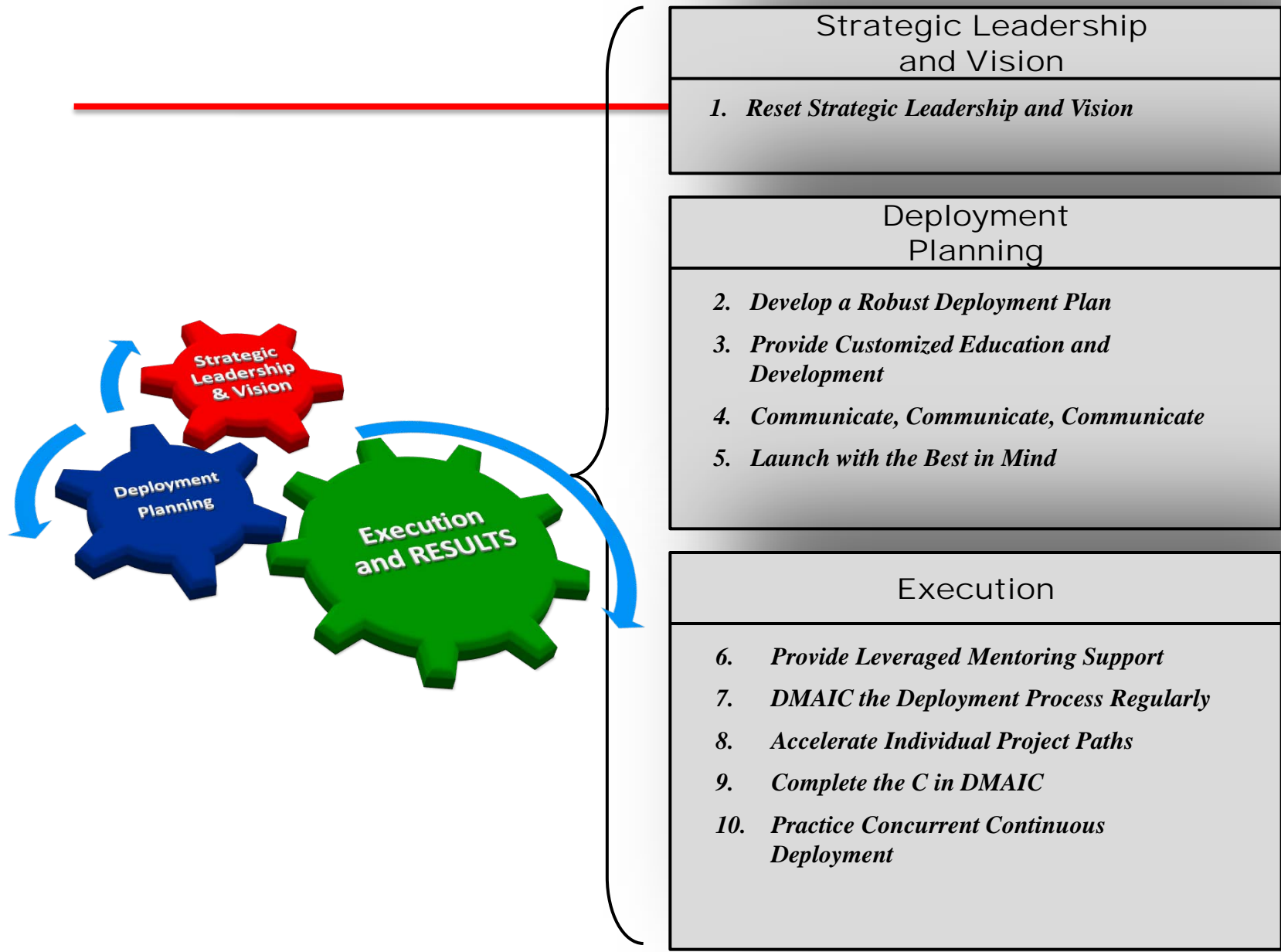


Velocity, Magnitude, Continuous Vector



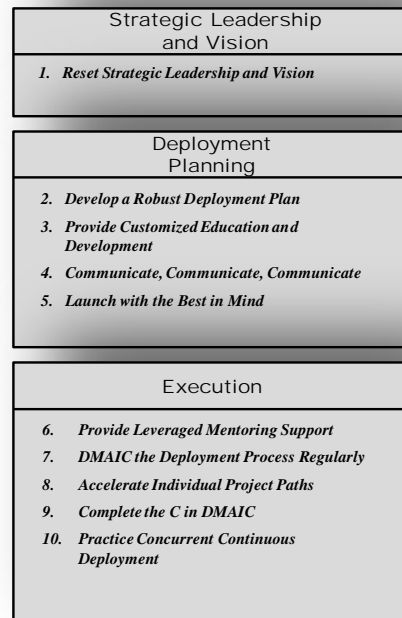
*This is "The Bank"...
 where the real money
 and opportunities for
 improvement lie !*

Customer Research
Market Research
Product and Market Strategy
Product Management
Concept Development
New Product Development
Global Commercialization
Warranty and Returns
Invoicing and Billing Errors
Excess/Obsolete Inventory
Requests for Quotations
Customer Service
Global Sourcing and Outsourcing
Sales and Operations Planning
Supply Chain Planning and Logistics
Supplier Development
Selling and Advertising Policies
Organizational Development Strategy
Human Resource Management
Acquisition and Integration Process



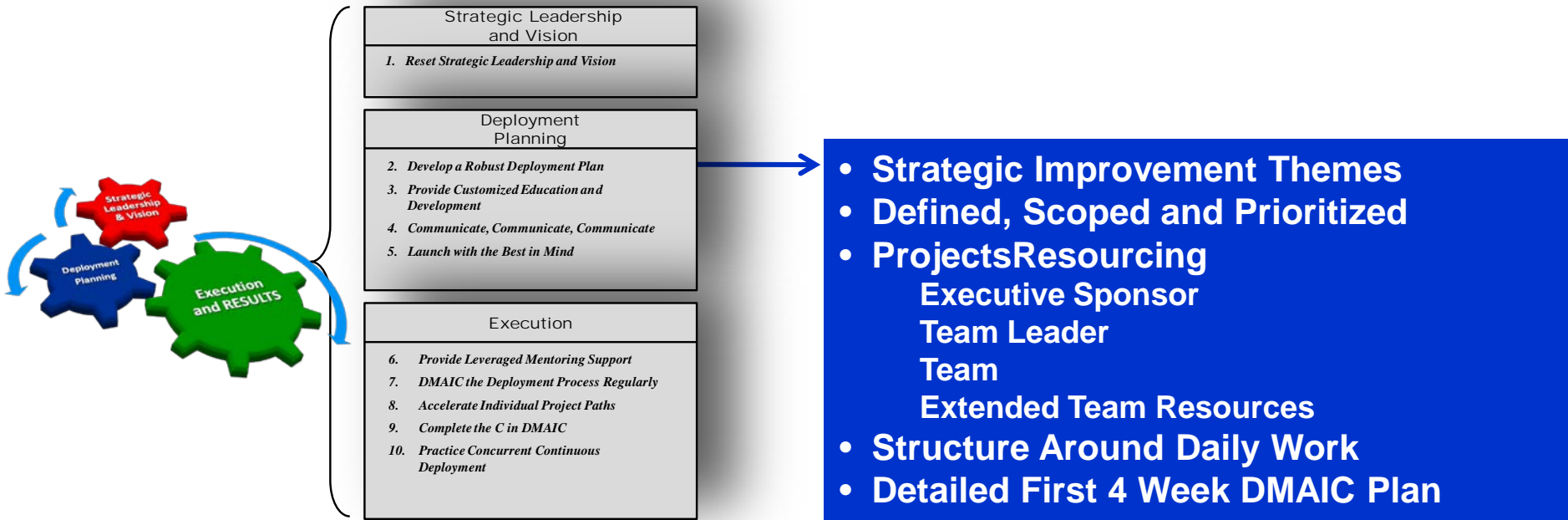
Accelerators of Lean/Six Sigma Results

1. Reset Leadership, Strategy, and Vision

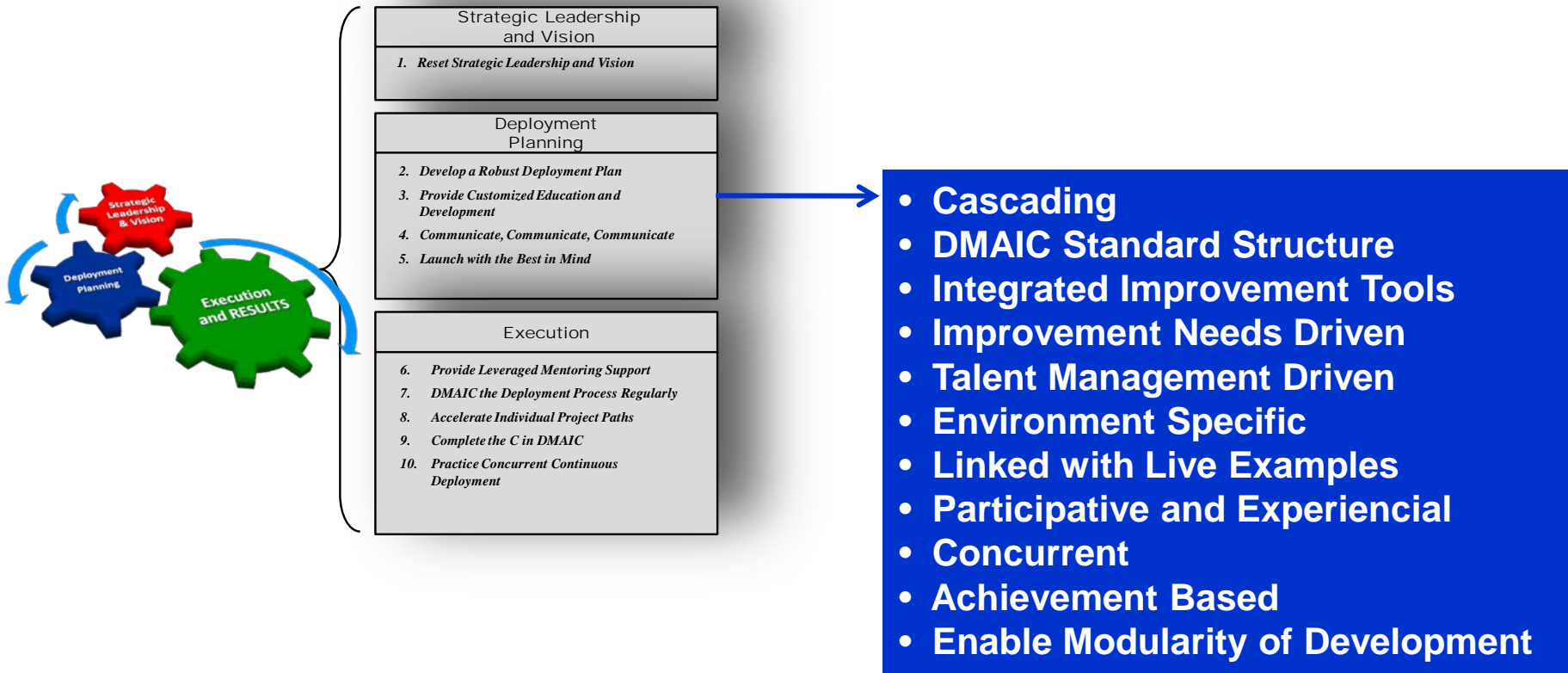


Stakeholder Engagement
Executive Development
Leadership Infrastructure
Business Diagnostic
Improvement Strategy and Vision
Best Practice Leadership Behaviors

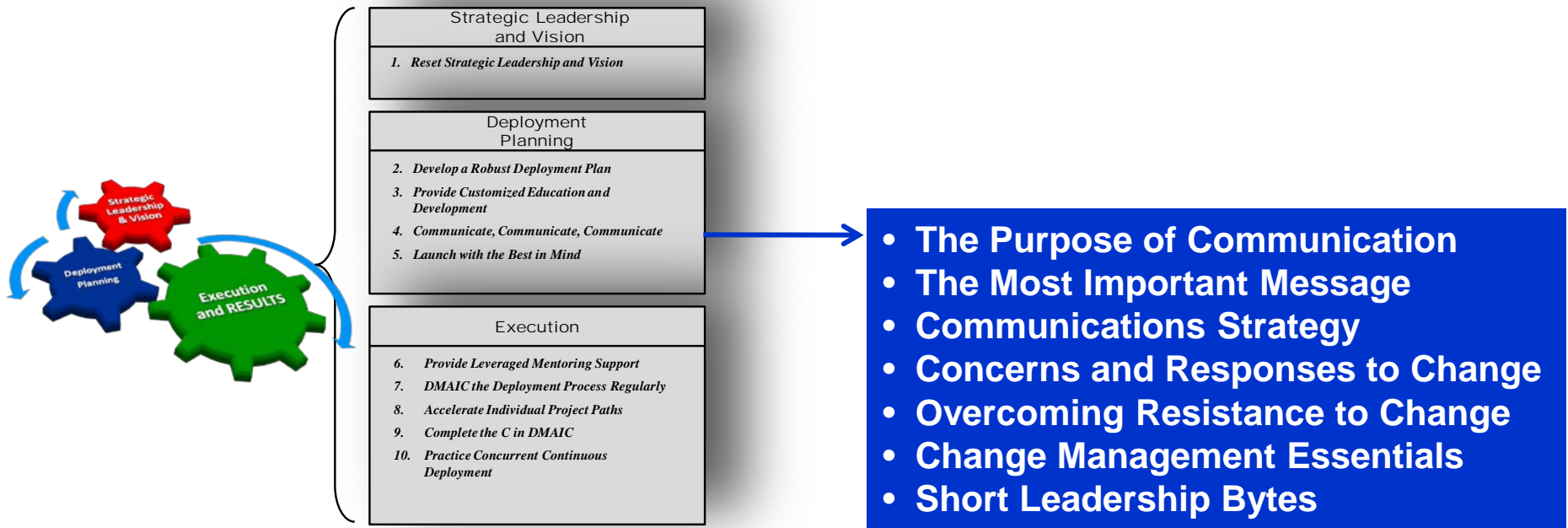
2. Develop Robust Deployment Plan



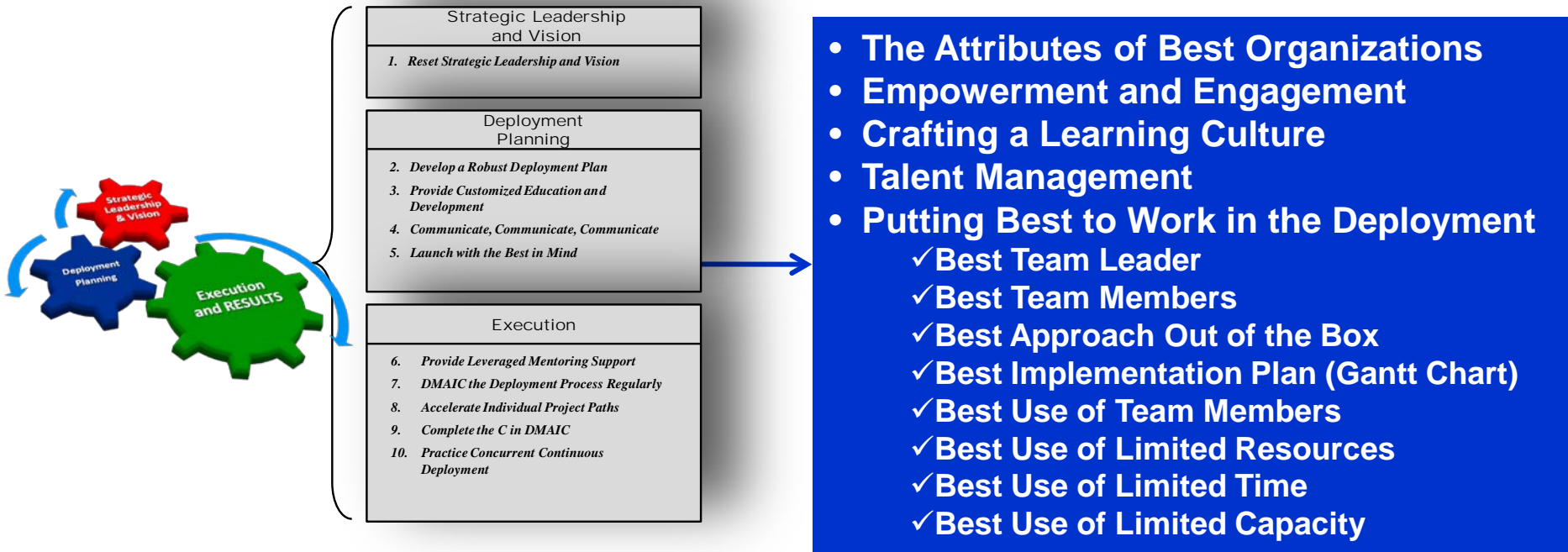
3. Customized Education and Development



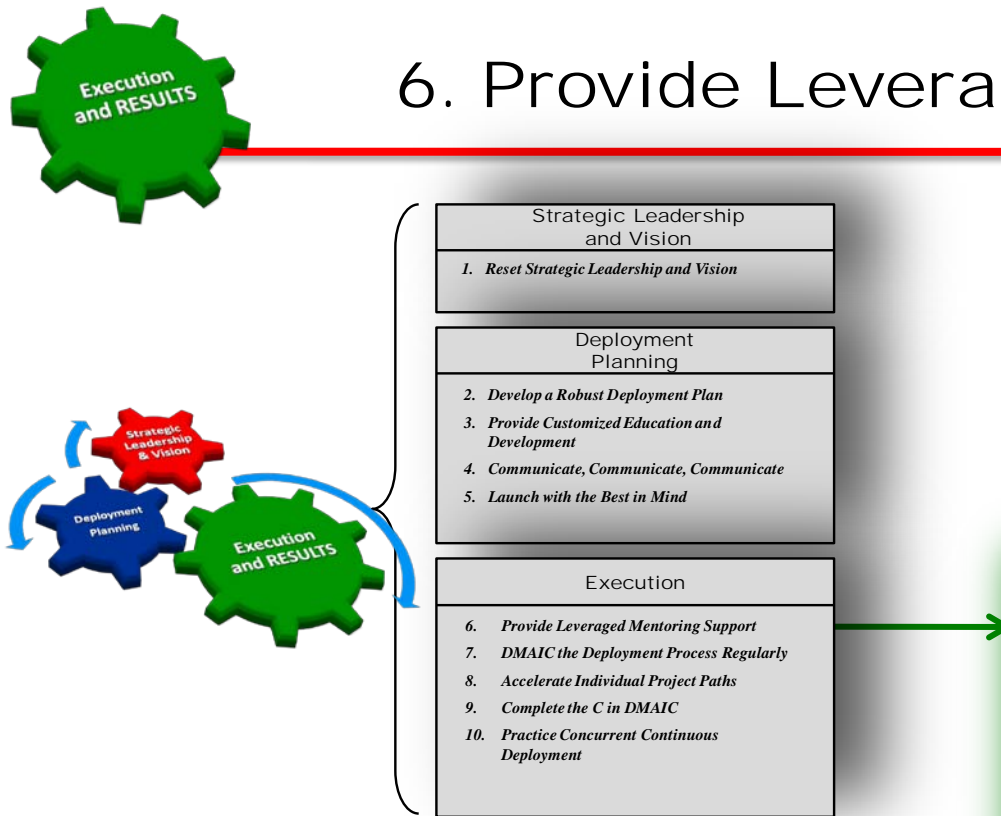
4. Communication



5. Lead with the Best in Mind



6. Provide Leveraged Mentoring

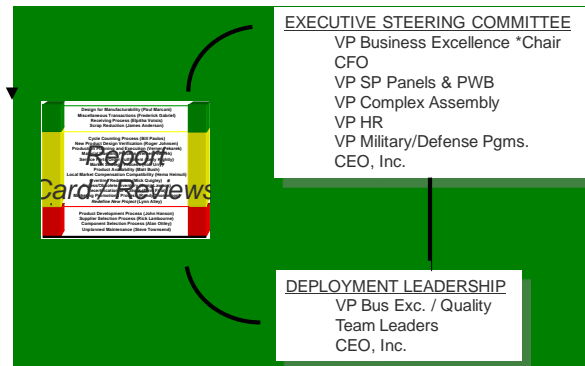


** The most effort in a deployment*

** The highest payback component of a deployment*



7. DMAIC the Deployment Process



Frequent Status Meetings with BB, GB Candidates – What is working well and where do they need additional mentoring help.

Daily “Check-Ins” with the internal executive Deployment Leader and Team Leaders

Weekly Deployment Core Team Meeting

Weekly CEO/Executive Team Updates

Continuously Rationalize Alignment

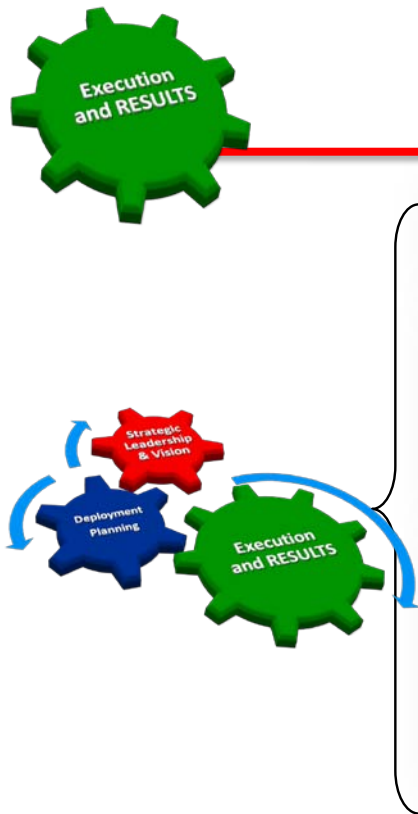
8. Accelerate Project Paths



Strategic Leadership and Vision
1. <i>Reset Strategic Leadership and Vision</i>
Deployment Planning
2. <i>Develop a Robust Deployment Plan</i>
3. <i>Provide Customized Education and Development</i>
4. <i>Communicate, Communicate, Communicate</i>
5. <i>Launch with the Best in Mind</i>
Execution
6. <i>Provide Leveraged Mentoring Support</i>
7. <i>DMAIC the Deployment Process Regularly</i>
8. <i>Accelerate Individual Project Paths</i>
9. <i>Complete the C in DMAIC</i>
10. <i>Practice Concurrent Continuous Deployment</i>

- Well Defined and Scoped Projects
- Customized Education and Development
- Project Management
- Leveraged Mentoring
- Interventions
- Barrier Busting
- Accountability for Commitment

9. Complete the C in DMAIC



Strategic Leadership and Vision
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- Implement Changes
- Validate, Replicate Results
- Education
- Documentation Changes
- Process Owner Hand Off Plans
- Sustainability Plans
- Metrics and Corrective Actions
- Identification of New Opportunities for the “Hopper”
- Dismantle Team, Redeploy Resources

D M A I C
Spill-Over



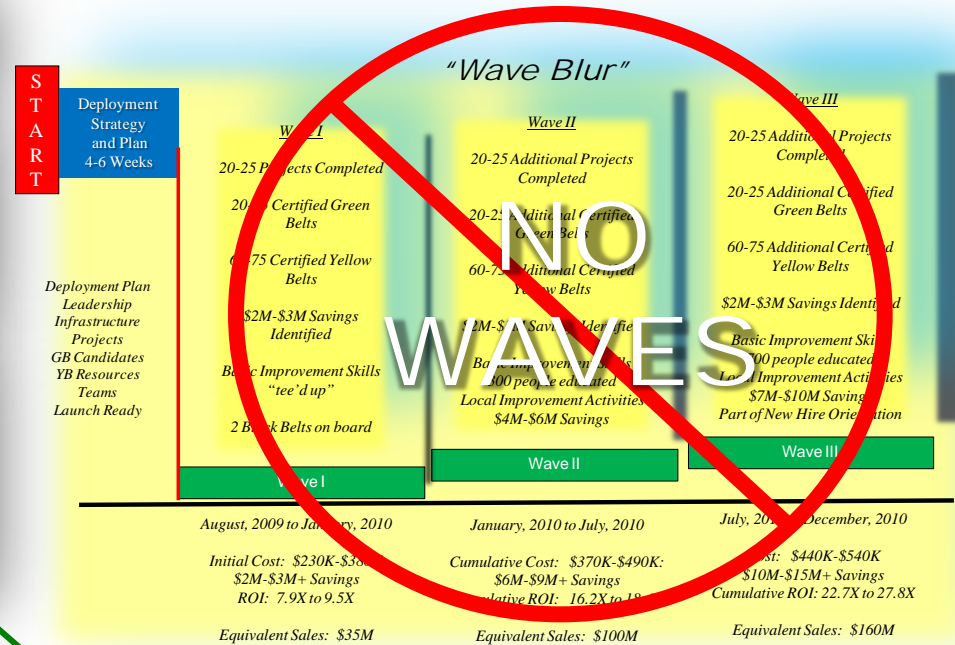
Daily Work



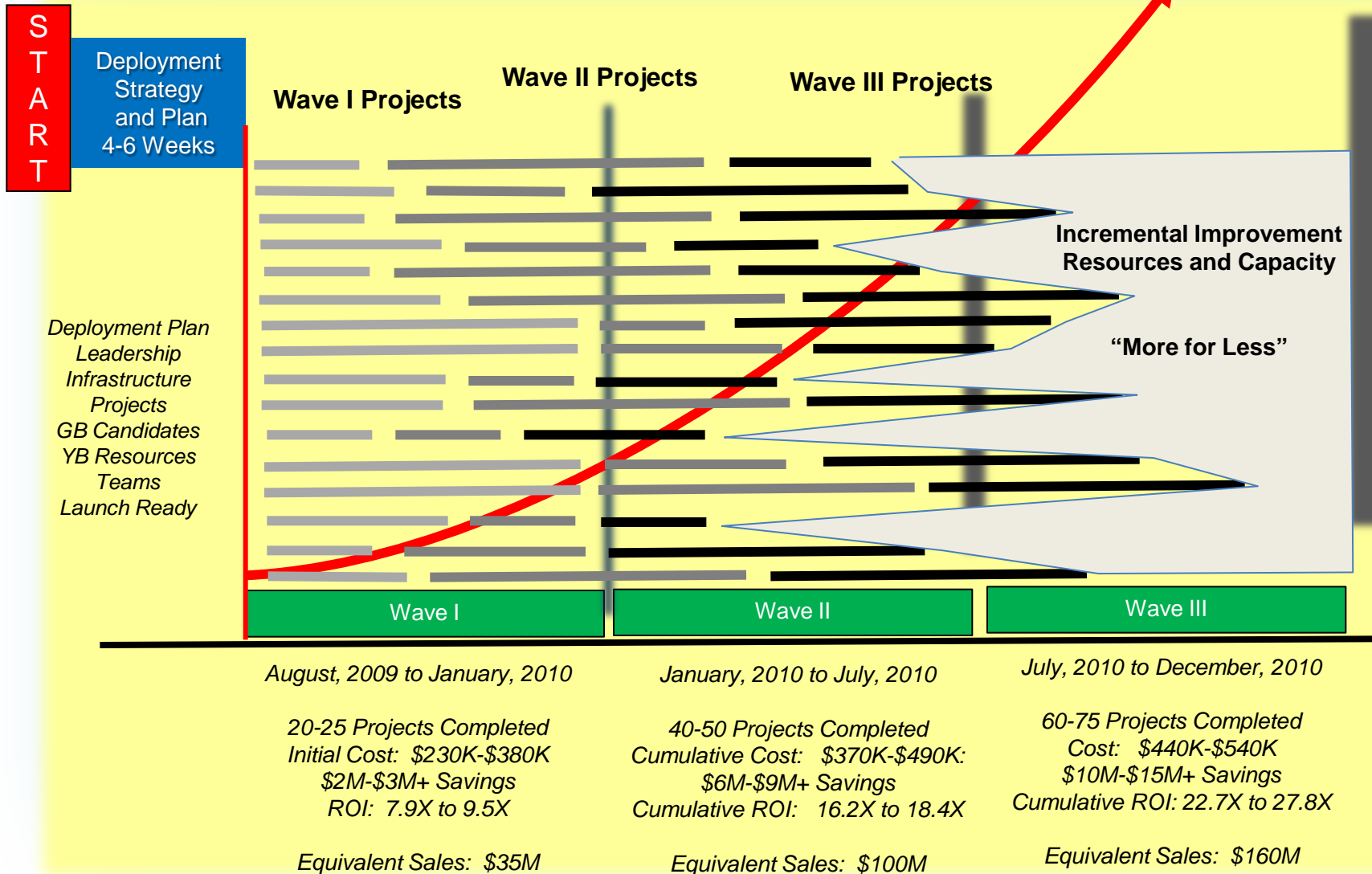
10. Concurrent Continuous Deployment



Strategic Leadership and Vision
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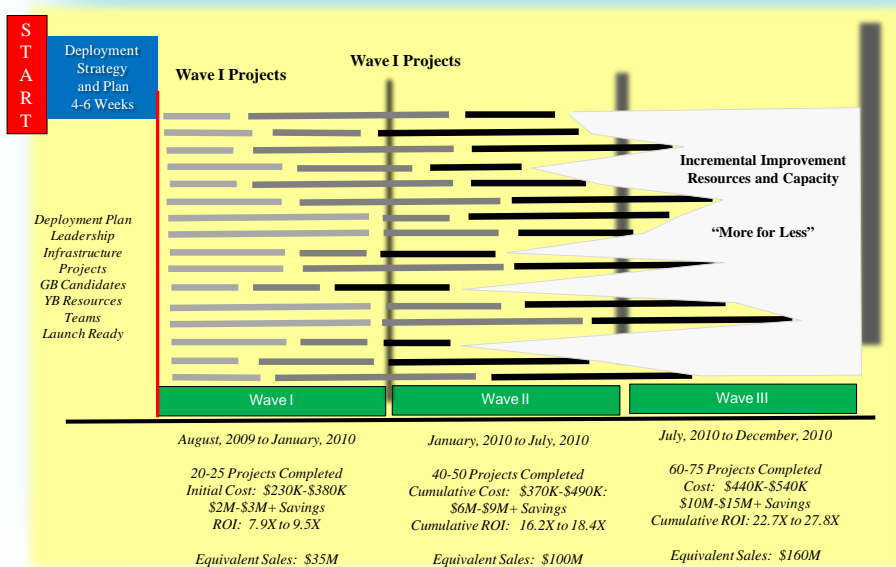
- Assign based on Priorities, Resources and Capacity
- Schedule, Stagger and Overlap Improvement Activities
- Blurred Waves – No Batch Projects
- Replace the “Mad Belt” Disease with breakthrough results!



Financial Analysis: Concurrent Continuous Deployment (Model reflects a \$500M Business Unit)

Improvement Excellence™

Velocity, Magnitude, Direction
(Continuous Vector)



*This is equivalent of
“General Electric
saves \$5.5 Billion in
the first 18 months
of their Lean/Six
Sigma deployment”
(which did not
happen when they
began in 1996-1997)*

Despite your previous improvement efforts . . .

Economic Meltdown

Leadership Behaviors
Acceleration Entrapment
Improvement Dysfunctional Cultures
Separation Disorder of Improvement

Strategic Leadership and Vision
Deployment Planning
Execution
Rapid Deployment, Rapid Sustainable Results
Multistage Transactional Processes

Intersection of Leadership,
Improvement, and Technology



The New Economy



Growth: 10% to 15%+
Annual Savings Opportunities
3% to 10% of Revenues