

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS

Methodology and Definitions

The LEEAP is the formal performance measurement tool for the LEERM. The objective of this tool is to evaluate status and progress in migrating toward a Lean Extended Enterprise. A second objective is to provide a quantitative assessment of the organization's ability to execute, sustain, and realign itself for strategic improvement. The LEEAP consists of the following framework elements:

- **Categories:** There are seven major evaluation areas in the Best Practices and Principles Panel of the LEERM:
 1. Leadership
 2. Customer and market focus
 3. Uniform improvement infrastructure
 4. Value stream processes
 5. Extended enterprise integration
 6. Organizational learning
 7. Performance measurement
- **Criteria:** An expansion of the traditional *five basic principles of lean* into 42 distinct practices and principles of value stream excellence. There are 6 distinct practices and principles for each of the 7 categories, or 42 in total (refer to the Best Practices and Principles Panel in Figure 8.2).
- **Practice elements:** The specific evaluation points within each practices and principles criterion.
- **Frequency score (F):** A relative measure of the organization's sustainability and commitment on each of the practice elements (i.e., leadership, commitment, strategy).
- **Excellence score (E):** A relative measure of how well the organization is capable of achieving results on each of the particular practice elements (i.e., execution, technical competence).
- **Strategic focus score (S):** A measure of the organization's ability to detect a loss of focus and realign itself to achieve the desired strategic and operational results (i.e., measurement, alignment, sustainability).
- **LEEAP score (F × E × S):** A composite measure represented by the product of the frequency score, the excellence score, and the strategic focus score.
- **Comments and actions required:** Documentation of corrective actions required to improve the individual and composite scores for a particular practice element.

Matrix and Scoring Criteria

We have adopted a Likert scale scoring methodology similar to the approach used in failure mode and effects analysis or FMEA. In the LEEAP scoring criteria (Figures 8.3 and 8.4), a high score is "bad" and a low score is "good" for each of the criteria. This increases the mathematical ease of Pareto analysis and identifying areas for further focus.

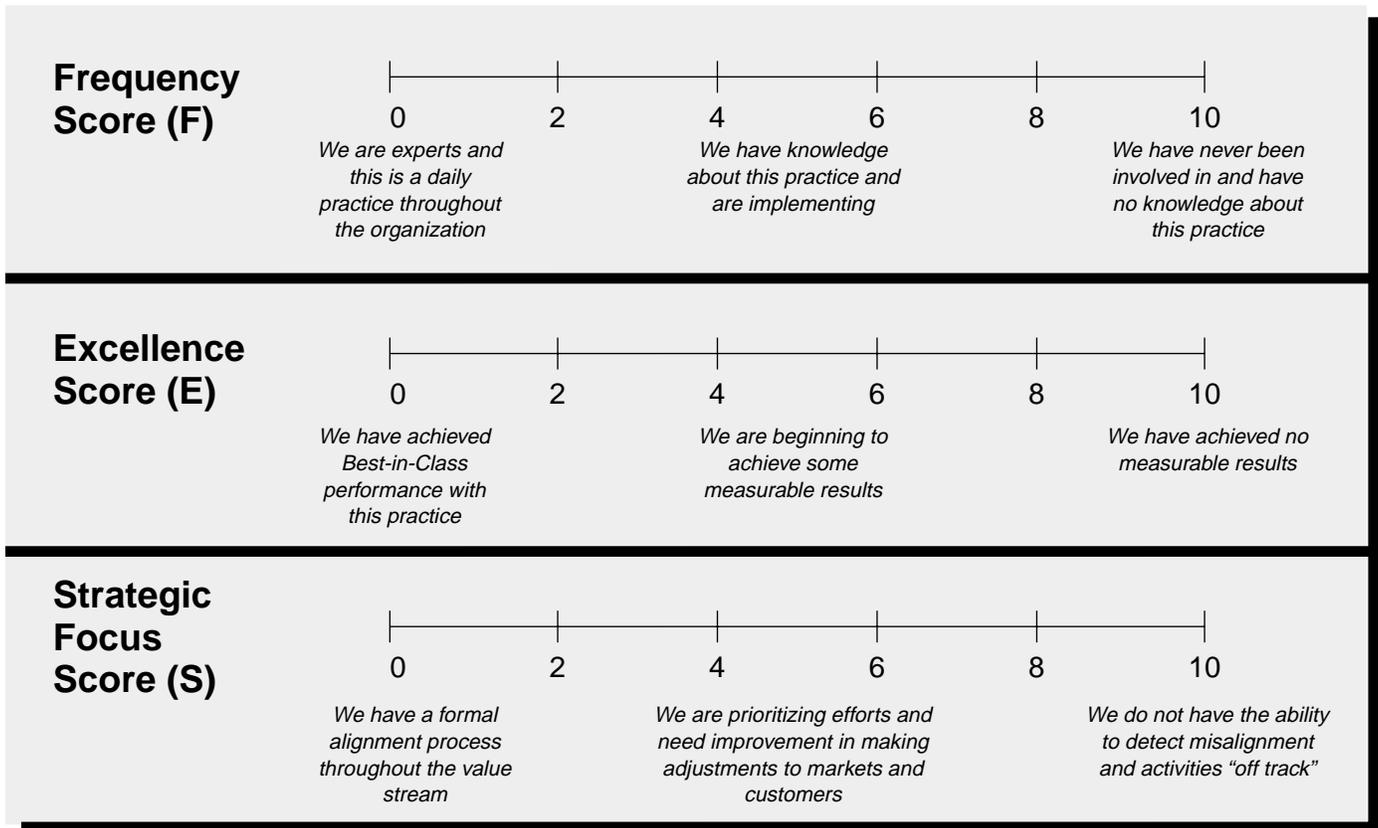


FIGURE 8.3 LEEAP rating scale

	Frequency	Excellence	Strategic Focus
0	This is a subconscious daily practice throughout the enterprise.	We have achieved Best-in-Class performance with this practice across the total value stream.	We have formal systems and processes in place to monitor and adjust the total value stream.
1	This is almost a daily practice throughout the enterprise with occasional customer annoyances.	We have achieved competitive advantage and significant benefits from this practice.	We collaborate with customers and suppliers in real time about all business issues.
2	Customers experience annoyance when the practice is not followed.	We have achieved enterprise benefits and are migrating the practice beyond the four walls.	We collaborate with customers and suppliers on selected topics, not always in real time.
3	Customers experience dissatisfaction when the practice is not faithfully followed.	We have achieved benefits at the enterprise level in several key areas of our business.	We are working with selected customers and suppliers, with work-around versions of this practice.
4	Customers experience degradation in productivity and downstream customer service.	We have achieved good pilot results and are beginning to migrate the practice to other areas.	We have achieved benefits with a few suppliers on a few targeted projects with this practice.
5	Inconsistency in practice leads to warranty, repair, supply chain disruptions, and major complaints.	We are beginning to achieve islands of localized benefits as a result of this practice.	Need improvement in aligning activities to customers and markets and understand practice.
6	High degree of customer dissatisfaction and lost revenue opportunities.	We have been piloting the practice but have not achieved any measurable improvements yet.	We have been piloting the practice but have no way of telling if it's working or not.
7	Extremely high customer dissatisfaction without any impact on safety or governmental regulations.	We are beginning to pilot this practice.	We are beginning to pilot this practice.
8	Customers, the enterprise, and suppliers financially impacted by bad practice.	We understand the importance of this practice and have identified pilot implementation areas.	We recognize the need to realign ourselves with customer and market needs.
9	Customers endangered by product use and severe adverse customer service problems.	We are just beginning to understand the importance of this practice.	We limp along with a dysfunctional ERP system and many other homegrown or kluge systems.
10	Customer injured or severe consequences for bad performance (lost sales, legal, contractual penalties, etc.).	We have no understanding and experience in applying this practice.	We have no way of detecting problems and misalignment of activities until after the fact.

FIGURE 8.4 LEEAP scoring guide

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
1. LEADERSHIP					
Recognition of Need Internalized					
The organization understands core competencies and limitations					
The improvement strategy is grounded to the organization's core competencies					
The organization is satisfied with the current state					
Best-in-class performance is known and we measure ourself against it					
The organization is very familiar with customer critical-to-customer (CTQs) and market requirements					
The gaps between current and best-in-class performance are known and documented					
The strategic plan addresses mandatory improvement expectations					
The organization is on track with meeting or exceeding the strategic plan					
The organization has a clear vision for improvement					
The organization has defined additional resources and skills needed to support strategic improvement					
The improvement vision has been communicated and embraced by the entire organization					
The executive team is passionate about the improvement vision					
The executive team can articulate the organization's challenges and improvement vision uniformly					
Clarity in Direction and Goals					
A formal lean improvement strategy is in place					
The organization is able to monitor improvement needs and revise priorities					
The organization has a formal structure and process to ensure that it is engaged in the right value stream opportunities					
There is a documented Strategy of Improvement					
There is a formal process to continuously collect and synthesize information and integrate the findings into the Strategy of Improvement					
The Strategy of Improvement balances needs across the total value chain					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
The enterprise's response to known customer problems is more proactive and preventive, rather than reactive					
Goals and objectives are aligned to customer requirements, business plan, financial plan, and core competencies					
Improvement goals and objectives are quantified and documented					
Improvement goals are discussed openly and frequently					
Everyone in the organization understands the improvement goals					
The improvement goals are concise, quantitative, baselined, and physically measurable					
The barriers to improvement are identified and addressed promptly					
The Strategy of Improvement is integrated into the business plan and financial plan					
Define Value Propositions					
Roles and responsibilities of improvement are defined (infrastructure)					
Business improvement is everyone's responsibility					
Leadership sets the expectation of business improvement					
Business improvement goals are part of the formal performance review process					
The Strategy of Improvement is aligned and cascades throughout all levels of the organization					
The potential concerns about change are evaluated and responses are prepared for employees					
There is a formal strategy to handle barriers, naysayers, union objections, etc.					
Leadership has the courage to discuss potential outcomes — good and bad					
Values and Standards of Conduct					
Leadership has an unwavering commitment to improvement					
Executives walk the talk and champion improvement efforts					
Leadership deals head on with and removes the barriers to change					
Management understands and embraces empowerment					
Cross-functional barriers are being addressed					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
People embrace teaming and employee involvement					
Leadership has defined expectations for behavior and professional standards of conduct					
The organization practices dignity, honesty, respect for others, and openness					
People modify their own behaviors in the interest of the total value stream					
The organization is focused on process, not on politics and localized silos					
Awareness and Communication					
The organization is fully aware of the need to change					
The organization understands what needs to change					
Executives and key resources are fully accessible					
People understand how the organization will change					
The organization has achieved full acceptance and active involvement of the Lean Extended Enterprise vision					
People understand and accept their role in the change process					
The consequences of doing nothing are well understood by the organization					
There is a uniform, top-down improvement message delivered to the organization					
There is a two-way communication strategy in place					
There is a formal reinforcement process with regularly scheduled updates					
The organization conducts "improvement broadcasts" so everyone has a shared notion of goals, status, and planned activities					
Fluid Seamless Organization					
The organizational culture embraces change and is intolerable of protective functional silos					
Departmentalized functional silos have been eliminated					
The organization generates a high level of political push-back for change and improvement					
The organization views itself as a value stream component, not a stand-alone entity					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
There is a comfort level with individuals working out of their norms and in cross-process activities					
There is a comfort level on the part of process owners when other people in the organization evaluate and critique their key business processes					
The organization and culture make it simple for teams to recruit resources based on skill needs					
Culture supports and encourages challenging of the norms					
The organization endorses skill-driven versus title-, political-, or longevity-based activities					
2. CUSTOMER AND MARKET FOCUS					
Customer Intimacy and Value					
The organization understands customer products, CTQs, markets, plans, and values					
There is a full understanding of the value stream and its issues					
The organization has initiated collaborative improvements					
Four-wall actions are aligned to increase customer success					
The enterprise has identified the highest impact opportunities					
There is also an understanding of emerging opportunities					
The enterprise is integrated into customer business plans					
Mass Customization					
The organization has identified custom solutions for its market needs					
The organization is positioned to design, produce, and deliver a wide variety of custom products and services					
The organization is proactive in steering customers to the right product and service offerings					
The organization is flexible and responsive to a variety of customer demand streams					
The organization manages demand across the total value stream in order to achieve flexibility and quick response					
The mass customization strategy is clearly linked to the organization's core competencies					
There is a proactive effort to balance standardization and product proliferation					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Pulse and Flexibility					
The organization has the capability to monitor and manage demand across the total value stream					
Upstream and downstream demand changes are managed in real time					
The value stream incorporates surge capacity and buffers to accommodate changes in demand					
The organization collaborates with customers and suppliers on value stream demand issues					
The enterprise has formal supply chain agreements with customers and suppliers					
Instantaneous Information and Response					
Channels are established for internal and external customers and suppliers					
Formal communication and response protocols are established					
The enterprise maintains a real-time data warehouse information system for customers and suppliers					
Priorities and urgency/escalation process guidelines are in place					
The roles and responsibilities for communication and response are clearly defined between the enterprise and its customers and suppliers					
Velocity Improvement					
The enterprise understands the importance of the value stream and its components and inefficiencies					
The organization has analyzed value stream variation and constraints and has many improvement initiatives in place					
The organization is collaborating with customers and suppliers to achieve value stream improvement goals					
There are several improvement initiatives under way to reduce cycle time, increase responsiveness, and eliminate value stream variation					
Solution Delivery					
The organization offers the best delivery, quality, and value for products and services in its markets					
The organization understand its customers' market directions and service delivery channels					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Enterprise resources are integrated into customers' marketing and new product development initiatives					
The organization provides new product solutions for customers' total value stream					
The organization provides collaborative technical, operations, and planning support for suppliers and customers					
There is a formal strategy for delivering the enterprise's total capabilities and competencies					
3. UNIFORM IMPROVEMENT INFRASTRUCTURE					
Data- and Fact-Driven Improvement					
The organization has conducted a thorough self-assessment diagnostic and understands its strengths and weaknesses					
The self-assessment diagnostic has identified specific improvement needs and goals					
The organization understands the improvement goals, metrics, and baseline performance					
The plans for improving the value stream are based on data, facts, and customer leverage potential					
A formal project infrastructure and project management practices are in place					
The organization has the capability to conduct real-time project management and tracking of results					
There is a uniform approach to value stream improvement that is fully integrated throughout the enterprise					
Project Selection Criteria					
There is a detailed implementation plan that defines activities, responsibilities, timelines, deliverables, and expected results					
There is a formal process to align business strategy and daily improvement activities					
The organization has a formal project selection process so that it can evaluate, align, and prioritize the highest impact opportunities					
The project selection process evaluates benefits, risks, completion time, resource commitment, and likelihood of success					
Project selection is a dynamic process that acts as a litmus test for improvement activities					
Value stream improvement projects are collaborative and include customers, suppliers, and other stakeholders					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Customer and financial impacts are well understood before improvement projects are assigned to teams					
Value stream improvement projects are continually assessed against new opportunities					
Project selection ensures that limited resources are working on the most important value stream opportunities					
Chunking and Resource Management					
Leadership is committed to providing the right resources and the commitment to ensure project success					
The organization is committed to assigning individuals full time to strategically important improvement projects					
Projects and opportunities are broken into manageable implementation segments					
Projects are well defined at point of assignment					
Leadership takes an active role in making time and resources available by prioritizing, postponing, and eliminating less important responsibilities					
Objectives, scope, improvement goals, timeline, resources, and deliverables are clearly defined					
Team members understand their responsibilities, commitments, and assignments					
The organization has a formal process to prevent resource overload and total team/individual ineffectiveness					
Contingency plans support the ease of reassigning and backfilling improvement projects as needs change					
There is a formal process to align projects, teams, and resources to the Strategy of Improvement					
The value stream implementation infrastructure regulates project flow, validation of results, and closure					
Empowerment and Teaming					
Employees embrace empowerment and teaming as the norm					
The organization has provided formal education on basic teaming, facilitation, group dynamics, basic problem-solving tools, conflict resolution, etc.					
People are comfortable taking risks, challenging norms, and making mistakes as part of the learning process					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Team activities are effective and produce tangible results (i.e., personalities, status, etc. checked at the door)					
Decision making is delegated to the point of process impact and control					
Individuals have the power to shut down a process that is generating recurring and out-of-control problems					
Teams are virtual, and turnover and redeployment are frequent occurrences					
Teams complete a single project and are not in place for long periods of time to conduct many projects					
The word “team” is not a convenient name given to a production line or a department					
People take the initiative to volunteer for team-based improvement events					
Teaming is considered to be a normal responsibility of an individual’s job					
Spectrum of Methodologies and Tools					
People understand the complete spectrum of improvement tools (kaizen, lean, Six Sigma, ERP, etc.) and how they fit different value stream situations					
People are focused on solving problems, not on implementing tools					
People view improvement tools as the means, not the ends					
Teams know how to deploy a broad spectrum of improvement tools					
Teams deploy the right tools correctly and to the right opportunities to achieve tangible improvements					
The organization has sponsored formal education on kaizen, lean, Six Sigma, ERP, and the integration of these methodologies					
Teams implement improvements without really thinking about whether they are involved in a kaizen, lean, or Six Sigma activity					
The organization discourages silos and camps of improvement methodologies					
The organization recognizes the importance of enabling information technology (IT) in value stream process improvement					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Achievement-Based Education					
Kaizen, lean, Six Sigma, and ERP education is customized to the specific requirements and business needs of the enterprise					
Value stream education and training are relevant and aligned to the Strategy of Improvement					
Education programs incorporate concepts and theory, plus relevant improvement issues					
Education programs include how to apply the concepts to the enterprise's specific operating environment					
Education requires that participants complete both classroom and real-life problem-solving assignments					
Participants in various education programs have completed mandatory projects for kaizen, lean, Six Sigma, and other improvement methodologies					
The enterprise has many certified lean and Six Sigma employees who champion improvement efforts and provide a spectrum of technical support					
The organization evaluates the effectiveness of its various education programs and makes the necessary changes					
The education program develops people on the correct application of various improvement methodologies and mentoring and leading teams					
Education stresses the need to execute with data and facts and achieve results					
The organization develops individuals who become instructors and mentors of subsequent education and teaming activities					
4. VALUE STREAM PROCESSES					
End-to-End Perspective					
The organization views itself, customers, and suppliers as a single entity					
Collaboration occurs regularly between the enterprise and its customers and suppliers					
The organization initiates improvement activity outside of its own four walls					
Key business process owners have a value stream perspective					
There are direct dialogues between internal process owners and their external counterparts and stakeholders					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
The organization promotes co-location of internal and external resources to facilitate a value stream perspective					
Value Stream Pull/Rhythm					
The organization has the methodologies and tools in place to monitor demand and variation across the total value stream					
Logistics/material flow and information flow are seamless and real time across the value stream					
Lean Extended Enterprise practices and methodologies are in place and producing measurable results for customers, suppliers, and the enterprise					
The organization has implemented event-driven applications such as APS, CRM, SCM, and PLM					
The enterprise has specific techniques to manage process constraints and optimize the total value stream					
The enterprise has the ability to simulate what-if conditions and prevent critical value stream issues before they occur					
Soft Business Process Integration					
The organization understands the cash-to-cash implications of order administration, warranty/return, purchasing, invoicing, new product development, and other soft process activities					
The organization has documented performance gaps in key business processes and is aggressively pursuing value stream improvements in its soft process areas					
The organization has a defined, prioritized, ready-to-go pool of improvement projects in its soft process areas					
The majority of the organization's improvement efforts are focused on the soft process areas					
The organization has achieved dramatic results in cycle time, quality, and cost in its soft process areas					
Standardized Processes and Practices					
The Strategy of Improvement is the driver for structuring and standardizing business processes					
Hard and soft processes are uniform and structured to optimize the total value stream					
The enterprise has avoided "one size fits all" and is structured along a variety of specific customers, products, and processes					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
The value stream strategy embraces an “all customers are not equal” approach and enterprise resources are focused on serving various customer segments in different ways					
The enterprise collaborates with customers and suppliers to maximize revenues and profitability of the total value stream					
There is a formal, real-time “red-yellow-green light” management practice in place to monitor process performance					
Improvement programs follow a uniform approach and methodology across the entire organization					
Stability and Variation Reduction					
Process variation is quantified and the associated root causes are documented					
Six Sigma is a very active improvement program to reduce variation in the soft process areas					
Individuals routinely apply the concepts of process mapping, process capability, root cause analysis, and corrective action					
FMEAs, fishbone diagrams, and basic statistical analysis are frequently applied in the soft process areas such as accounting, marketing, engineering, supply chain, etc.					
Six Sigma methodologies are routinely used to rationalize new product designs and evaluate supplier capabilities to deliver to these requirements					
The enterprise conducts replication activities to ensure that root causes of variation have been eliminated					
Value Stream Quality and Perfection					
The enterprise embraces process quality and perfection in every aspect of the total value stream					
Individuals throughout the enterprise think in terms of process, inputs, outputs, defects, root causes, and corrective actions					
The organization has implemented IT solutions beyond ERP to enable perfection and quality beyond its four walls					
Process improvements are due to real preventive actions, not changes in volume, mix, or other irrelevant factors					
The organization focuses on process improvement first, followed by process automation					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
5. EXTENDED ENTERPRISE INTEGRATION					
Single Entity, No Walls					
Upstream, downstream, and enterprise values are quantified, balanced, and aligned for the benefit of the total value stream					
Doing business with customers and suppliers feels like a four-walls process where everyone is seamlessly integrated					
The enterprise and its customer and supplier organizations are virtual					
Trust, security, honesty, and mutual respect are practiced between the enterprise, its customers, and its suppliers					
The organization has implemented IT to enable collaboration and communication across a wide variety of customer and supplier application platforms					
Collaborative Development Processes					
Customers and suppliers collaborate globally on new product ideas and market opportunities					
Customers and suppliers are jointly involved in new product development					
Product and process development is fully integrated across total value stream					
There is value stream collaboration on concurrent engineering, project management, cost, resource utilization, and real-time problem resolution					
Collaborative development is integrated with SCM, CRM, SRM, and other activities					
Collaborative development includes Design for Six Sigma					
Collaborative development addresses regulatory, safety, environmental, and hazardous issues across the total value stream					
Collaborative Planning Processes					
Value stream processes are designed to accommodate dynamic change					
Collaborative planning facilitates instantaneous communication and response on all business relationships					
Collaborative planning provides a single-pipeline view of the total value stream					
Visibility of information and requirements between facilities is instantaneous and real time					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Tedious transactional processes between the enterprise and its suppliers have been improved via enabling IT solutions beyond ERP					
The enterprise and its customers and suppliers share real-time planning information and collaborate on various supply line issues					
Collaborative planning analytics to simulate and optimize value stream performance					
Collaborative Commerce Processes					
The enterprise defines, anticipates, and accommodates customer and supplier activities across the total value stream					
Supplier capabilities are quantified, followed by specific collaborative improvements					
Kaizen, lean, and Six Sigma improvement methodologies are standardized across the total value stream					
Supplier relationships are seamlessly synchronized to the total value stream					
The tedious processes of order administration, inventory movement, and other transactions between customers and suppliers have been simplified					
The enterprise has defined and eliminated redundancies between itself and its trading partners					
The organization is pursuing non-traditional web-based sales and marketing channels as a growth strategy					
Online Marketplace					
Customer/supplier exchanges and networks are defined to ensure optimum value stream performance					
The organization has web-based applications to support product sourcing, application and technical data, and configuration options					
The enterprise makes it easy for customers to conduct e-business transactions for placing and checking the status of orders					
The enterprise supports web-based customer service and warranty activities					
The enterprise has simple processes in place to manage sourcing, contract management, payment settlement, performance measurement, and problem resolution					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Other IT Enabled Technologies					
Business systems enable real-time seamless information availability across the total value stream					
Information is fully available and accessible across the Lean Extended Enterprise					
The enterprise has moved beyond ERP and has implemented SCM, CRM, SRM, PLM, networks and portals, and other Internet-based enabling value stream technology					
Total value stream interface processes are documented and standardized					
Individuals and value stream stakeholders share information in real time					
IT enabled “chat-room-like” processes are in place across the total value stream					
6. ORGANIZATIONAL LEARNING					
My Business Mind-set					
Individuals have a business process orientation and place a higher emphasis on process versus area performance					
Employees think and act like business owners					
The organization is serious about value stream improvement, and individuals are intolerant of others who are “winging it”					
People look beyond their own areas for opportunities to enhance organizational performance					
Professional Growth Experiences					
The enterprise fosters a learning and professional development environment					
The enterprise recognizes and rewards individuals for collective experiences and contributions outside of their normal duties					
The organization encourages a constant flow of new ideas and its people to challenge the accepted business practices					
Education and professional development are designed to concurrently expand the organization’s core competencies and develop the individual’s skills					
The culture encourages out-of-the-box thinking, risk taking, and making mistakes as part of the individual learning experience					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Knowledge Management					
A formal knowledge management repository is in place					
Individuals are able to learn from the collective experiences of other individuals in the organization					
The organization leverages its combined internal knowledge through collaboration and information sharing					
The organization leverages its ability to service customers and markets via total value stream knowledge					
The enterprise has formal practices to ensure that knowledge is disseminated and integrated into the organization's decision-making processes					
Relationship Management					
Organizational boundaries are seamless and encourage direct communication between value stream stakeholders					
The organization and culture encourage relationship building and knowledge sharing across key business processes and beyond the four walls					
Individuals are provided with opportunities for personal and career growth through interim assignments in other areas of the organization					
The organization fosters an environment characterized by direct peer-to-peer collaboration regarding value stream issues					
Politics is replaced by trust, mutual respect, collaborative problem solving, and performance					
Change as the Norm					
Change is occurring across the extended enterprise, not in pockets or isolated areas					
People expect and embrace change as the norm of conducting business					
The organization provides professional development opportunities for its people, so they are equipped with the right tools and skills for change					
The status quo and lack of change create a sense of nervousness in the organization					
People have learned to benefit from change, rather than become victims of change					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Cultural Transformation					
The organization stresses learning and personal discovery as an enabler of cultural change					
The organization invests the time and effort to transform culture, rather than through edicts or hopes					
Executives lead cultural transformation by example					
The Strategy of Improvement provides a structured process for individuals to learn and apply new skills, benefit from their experiences, and modify their perspective about change					
Executives create inertia and critical mass so that individuals accumulate a wealth of new positive experiences with change					
7. PERFORMANCE MEASUREMENT					
Cash-to-Cash Perspective					
The organization leverages key business processes to reduce cash-to-cash cycle time					
The organization has aggressive but fair cash management practices rather than relying on accounting games to achieve financial goals					
The organization is pursuing multiple improvements across the total value stream, which are geared to improve cash and asset management					
Relevant performance measures are defined and in place to measure cash-to-cash effectiveness					
There is alignment between the Strategy of Improvement and daily improvement activities					
The organization deploys IT to enable cash-to-cash improvements					
Closed-Loop Financial Validation					
There is a formal feedback process to link the Strategy of Improvement to actual improvement outcomes					
The organization has formal feedback systems to evaluate the effectiveness of key business processes					
The organization uses a balanced scorecard approach for measuring performance					
Potential benefits of proposed improvement projects are validated by the financial organization					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
Executive leadership promotes the practice of linking operational improvements to financial performance					
The financial organization is heavily involved in value stream improvement programs					
Savings from improvement projects are validated by the financial organization					
Value Stream Performance					
The organization has implemented specific practices to monitor demand, quality, cost, and velocity across the total value stream					
Performance measurement practices identify value stream constraints in real time and allow people to collaborate and resolve problems					
The enterprise proactively assists customers and suppliers on critical value stream issues					
Strategic Performance					
The enterprise has a “bead” on mission-critical customer requirements and uses this information to drive strategic performance					
The enterprise forecasts and commits to future levels of improvement during the budgeting process					
Formal benefit-sharing practices are in place with customers and suppliers					
The performance measurement system closes the loop between the strategic business plan, the Strategy of Improvement, and actual improvement outcomes					
The organization has the right metrics in place to gauge strategic activities such as market penetration, new product launch effectiveness, strategic alliances, etc.					
Organizational Performance					
Improvement is part of the individual’s performance plan					
Formal recognition and rewards practices are in place and linked directly to team and individual performance					
The organization has an established gainsharing program in place with employees					
Formal skill- and knowledge-based compensation practices					
The organization uses 360-degree performance review practices					

THE LEAN EXTENDED ENTERPRISE ASSESSMENT PROCESS (continued)

Categories and Criteria	Frequency Score (F)	Excellence Score (E)	Strategic Focus Score (S)	LEEAP Score (F) (E) (S)	Comments and Actions Required
The organization has metrics in place to measure the climate for change and cultural acceptance					
The organization has metrics in place to measure learning, individual development and growth, and educational effectiveness					
Social and Economic Performance					
The business strategy includes initiatives that positively impact the enterprise, the total value stream, the community, and other legal and ethical considerations					
The enterprise collaborates and provides resources to help other stakeholders in the value stream					
The enterprise promotes excellence and provides employee resources to conduct community service					
The enterprise provides external education assistance and services such as tuition reimbursement, counseling, ESL, financial planning, etc.					
The enterprise supports and encourages local community service by its employees					
The enterprise is viewed as a vital part of its community					