

HRQMC Best Practices Workshop
January 25, 2007
Old Dominion University

Track 1:
Continuous Improvement Strategy – Development and Deployment
(CI Maturity and Assessment Model)

Moderators: Pete Johnson – ASQ
Aimee McCarthy – VPMEP

TAKE –AWAYS

Strengths:

- Have a value stream champion for each process. (Management person)
- Every activity has a Lean Champion for each process.
- Cross Functionality
- Paper skills – document what is needed for each skill set / job level
- More Knowledge in each person’s “tool box” makes them more valuable, have ability to move up.
- Process for Value Stream Inputs; analysis of supply chain – prioritizing what was most important - leading to work on the right thing.
- Long term supplier relationships. Customers / suppliers have stake in each other’s success
- Key Drivers – people, operation excellence, customers.

Weakness:

Need management commitment to adopt changes.

- Team Solution ≠ Management View.
- Who has the authority to agree to the solution
- Identifying the real problem – data – Charter.
- Lack of communication at all levels.
- Hourly vs. Salary mentality (Us Vs them)
- Lack of commitment from management. (Adopt changes for the best solution)
- Management level of training and understanding of lean.
 - Management peers at the training.
 - Have to understand the language.
- How to collect information? The problem being too many forms.
- Slowdown – sometimes have to refocus on the objectives.
- Kaizen events that have no metrics.
- Lots of 5 S and management strategy but nothing in between
- 2 S or 3 S instead of 5 S (becoming the cleaning fairies)

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Opportunities:

- Leverage each other's successes.
- Strengthen the charter process- mgmt agree.
- Break down barriers
- Redeploying resources that have been freed up.
- Have to have labor leadership on board.
 - Negotiate a strategy for deployment.
- Labor leaders on CI council.
- Black Belt, Green Belt in the union.
- Rotation program for technicians - easier to redeploy

Threats:

- Not basing your activities on a Value Stream View.
- Management communicates early and often or shut up on Friday.
- Loses a lot of time in early in the effort to Fear.
- Not taking advantage of trained people (cut workforce is not great)
- Insecurity
- W.I.I.F.M. (What is in it for me)
- Not coaching redeployed employees.
- Accounting systems redeployment increases overhead
 - Drive bad behavior.
- Just in case mentality.
- Important to understand that if a piece of data is generated, there is reason – might not be the good reason, but can't just eliminate it till we understand why it is being collected.
- Making an improvement, showing \$ results, which then leads to a budget cut.

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Track 2
How to Incentivize CI Participation and Results
(CI Training Programs – Structure & Deployment)

Moderator: Brad Zorn – STIHL

TAKE – AWAYS

1. Why take the time?

- Increase employee engagement: satisfy the employee,
- encourage behavior: positive action
- Motivate someone:
- Improve workplace socially- a positive action
- Thank someone for improvement

2. What do companies currently recognize with incentives?

- Service
- Attendance
- Safety
- Performance: comes on time and all
- Quality over time
- Customers:
- Holidays
- Improvements
- Sales performance
- Retirement
- More?- Vendors

3. Generation Gap – different strokes for different folks

- Age, experience, needs, historical events
- Boomers (most constructive generations): Titles, prestige, professional recognition, tenure of service
- Gen-X: recognition
- Gen-Y

4. Types of Incentives:

- Intrinsic: Intangible: 1) Hand Shake
2) Announcement

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5. Value Vs Cost

- High value incentives can be effective
- Reoccurring value- generation gap
- Lottery effect

6. Dangers

- Size and bureaucracy
- Meaningful: eg. 1) A person saves company by changing something
2) An employee saves a life of some coworkers when a fire breaks out
- Fairness: An award establishes precedent

7. Warm up:

- Incentives for employees
- Appropriate incentives

(See an extra attachment given)

Question: There is no continuous improvement dept. so, to run programs like this how do you work?

Answer: Part of our job, groups like HRQMC,

Doubt: Most companies just don't recognize these things

Motivations:

Productive bonuses, food (in small companies),

S – W – O – T Analysis of Track 2:

Strengths:

- Creates and maintains and engaged employees
- Motivate workforce
- Increase loyalty

Weaknesses:

- New tax laws = (catch equipment)
- Most organizations don't have the incentive program

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Solution: find out what is most valuable, best asset, recognize the people, create unity: interaction of management with employees, there should be a chain of commands, how to keep in place the troupes, finding x-factor in employees, rotation of a job, training,

- Degree of effort for validating a process improvement
- Having certifications exists in informal settings
Solution: have particular certification as an organization
- Fairness
- Identifying disincentives

Opportunities:

- Find out what suits your company
- Own blood protecting yourself for your co-workers
- Person's performance is reviewed in monthly/quarterly/ yearly reviews, reward participation in process improvement activities

Threats:

- Targeting the audience with wrong incentives
- Decisions made in boardroom

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**Track 3
Accounting for Savings – How?
(Measuring What Counts?)**

Moderator: Glenn Marshall – NGNN
Scott Bonney – NAVSEA

TAKE – AWAYS

- Tie the money to the output of the value stream
- Avoiding measuring what does not matter
(Things that's may oppose process improvement)
- Method to bridge the gap between traditional accounting and Lean
- How old is this idea?
(100 +years and we are just re-learning it)

Reducing Inventory:

- Traditional accounting says " You're taking my assets!" (BAD)
- Lean accounting says "You're accelerating my value stream!" (GOOD)

What is “Value added” to the final product with your metrics?

- Traditional accounting: Non VA
(Driving looking through the rear view mirror)
- Lean accounting: real time
(Data for real time decisions with product focus)

What if my “product” is produced once every two years? How would I manage the money?

Answer: TAKT is a good time metric

- Two types of accounts are there-FINANCIAL ACCT Vs MGMT ACCT
- Lean accounting merges both the types of accounts
- Without education your boss wont get it

S – W – O – T Analysis of Track 3:

Strengths:

- Simplicity
- Mirror operations in financial terms

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- Proven best practices
(TOYOTA does it!)
- Accelerates / assists metrics & decision making

Weaknesses:

- Education
- Poor understanding leads to poor deployment & lack of BUY-IN

Question: What are the tools for education?

Answer: Books

- Too hard / requires too much data collection
- Current process has no clear links and people like it that way.
- To deploy requires parallel (extra) metrics

Opportunities:

- Increased efficiency (for operations and metrics collection)
- Measure what matters to drive increased value to customers
- Faster Data = faster & better decisions = faster improvements = more money

Threats:

(of / to Value Stream Accounting)

- Comptrollers Seriously threatened / defensive (Turf Wars)
- Traditional Accounting (Historical Momentum) is a huge threat to Value Stream Accounting and a threat to Lean Sustaining.
- Not accepted practice in academics
- FASB/IRS/GAP/SOX all the “Traditional” accounting institutions
- Look in old ways through laws / traditions.
- Community of Practice to support / encourage / steal ideas for implementing Value Stream Accounting
- Create awareness:
 - Articles
 - Local training
 - Workshops
 - Professional Associate Champions
 - Round table discussions

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REPORT OUT SESSION

Suggestions during Report-out Session

- Workshop every four months.
- Clearly identify the “Theme”.
- Need tracks and re-run.
- Fully develop the track (details)
- Report current state.
- Breaks on time / Proper length.
- Target our market – Who to attend.
- Keynote speakers: 20 – 30 minutes maximum. (Video taped also, if any)
- Summary of success or implementation from previous workshops. (Preferably a small presentation for about 3-4 minutes)