

Sustaining performance is like growing a tree: you need to nurture the original idea

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One reason trends and management fads exist is because companies fail to sustain performance. Like any seed, a business initiative needs to be nurtured to produce sustained results. How often do we get a project to grow to shrub-size but never see it grow into a deep-rooted tree in the organisation?

The key to sustaining performance lies in having the systems to nurture the ideas after the initial drive is finished.

Many organisations achieve sustained results in the area of safety. This initiative is different to others because every workplace safety initiative has a common system in place so it can grow. The benefits of safety are obvious but performance is still visualised and celebrated when milestones are reached. Fire wardens and safety officers are cemented positions chartered with nurturing the safety system.

Sustained performance needs to be owned and have a system in place if it is to survive and prosper. Let's look at six key components of a sustained safety system:

VISUALISED PERFORMANCE: In every workplace one sees a Lost Time from Injury board. Performance is clearly displayed; the communication begins with the CEO and ends with the shop floor and its success is celebrated. To sustain other business initiatives it is paramount to agree on clear measures of performance that can be visualised and communicated to all.

DEMONSTRATED LEADERSHIP: Managers often walk the shop floor auditing the standard of safety on the line and the standards are driven from the top down. Yet one often sees managers caught up in ineffective meetings for hours on end, reducing their opportunity to walk the shop floor and demonstrate their charismatic belief in new and old initiatives.

EFFECTIVE ISSUES MANAGEMENT: Safety initiatives originally had two focal points: Where most injuries occurred and where it had most financial impact. Focus on too many issues and you'll affect none, focus only on the few that have the biggest impact on the business and one gets results.

ESTABLISHED COMMUNICATION FORUMS: From the CEO to the shop floor, clear expectations are set for safety standards. Ownership of the responsibility to nurture and grow them is agreed and managed. To sustain any performance its ownership must be assigned and its progress reviewed. If someone is not accountable for the success of a new idea then its failure will occur from natural causes.

KEY PERSONNEL are assigned and trained to nurture the system. Fire warden, chief safety officers, crew safety representatives, safety committees all exist long after the initial idea to improve safety was conceived...one need say no more.

CONSEQUENCES are strictly enforced: All too often one sees managers shy away from enforcement, one of their most important responsibilities. One slip and you have inconsistency; another and you've created double standards. Train, develop, coach and mentor staff to give them the skills to meet conflict head on and deal with it at the appropriate level.

Organisations continually fail to address the real cause of problems because it's not the idea that was faulty but the performance system in place to nurture it. Establish clear measures with the workforce, visualise the performance, demonstrate inspirational leadership, work on only the right issues, develop your workforce, enforce your standards and you will sustain performance.

Soil grows seed but someone must be responsible for watering it.



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Few would argue with Pareto's 80:20 notion that most results come from a minority of effort because we have analysed the KPIs within our businesses and found it to be true. But from what perspective did Pareto come?

His hypothesis was that about 80 per cent of wealth in most countries was controlled by a consistent minority -- about 20 per cent of the people. What he called a predictable imbalance. Today there is another phenomenon sneaking in and reducing the impact of continuous improvement initiatives -- COMPLEXITY!!

Let's look at a business that makes 1000 SKUs. According to Pareto, of these 1000 units 200 would make up most of our business and are the products that should be focussed on to realise our goals. But what if we reverse our thinking and look at the 800 items? What would we find?

From experience, these 800 items are the source of many issues that plague businesses and are exactly why step-change improvement programs focussing on the 20 per cent consistently deliver below promise.

What infrastructure does a business have to cope with these 800 items? Let's list some generic examples:

- People needed to manage this amount of products begins to be excessive
- Warehouse people needed to pick all these products becomes excessive
- Space needed to store all these products becomes excessive
- The number of products can lengthen the training of new staff
- Marketing collateral can be unmanageable

Private Advice for a friend

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The other side of Pareto: Could he have got it only half right? Let's take a look at that other 80 per cent ...

BY ANTHONY FRIEDLI

- Set-up times changing from one product to another can cripple the manufacturing
- Time and complexity in scheduling production can consume resources.
- Time needed to maintain accurate BOMs and routings can be excessive (if done at all!)
- The number of meetings needed to track and produce products can be excessive.

How much easier business would be if one had to look after only 200 products!

Just letting go of 80 per cent of products is unrealistic but wouldn't it be great to keep production fully utilised making the products that are easy to run? Even dropping 10 per cent of current product range can provide significant value and release pressure. The main point here though is a clear understanding of what value a product is making and how much it effects the business. What is its REAL COST to produce?

So, was Pareto right? Certainly he was on the right path but the other side of his story also holds true: That the other 80 per cent of products may cause some unnecessary pain but can provide as much benefit upon being rectified as can improvement in the top 20 per cent.

Success stories of companies working within this principle are startling. Businesses with strong leadership not afraid to make tough decisions have come out the other side much leaner than ever imagined and setup for whatever challenges faced them in the future.

11 barriers managers must guard against as they strive to achieve excellence



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KEPNER-TREGOE

In today's market the reality is to do far more with far less -- all in the face of manufacturing's most relentless enemy, declining volumes. Here are 11 barriers to manufacturing excellence:

1. **LACK OF MANAGEMENT CONSENSUS:** Coming off years of success it is extremely difficult to gather a consensus that still-greater discipline and attention to detail is required to establish or maintain acceptable levels of performance. The quest for excellence in such times seems to divide organisations as specific options are seen to sub-optimize individual or functional KPIs
2. **UNDERESTIMATING THE TASK:** Achieving excellence requires a total commitment to process capability, variation reduction, and creation of a benchmark employee knowledge base. Few project or continuous improvement-based organisations fully understand or embrace the significant change required to achieve statistical performance endurance.
3. **UNDERESTIMATING THE IMPORTANCE OF KNOWLEDGE:** Management often lacks confidence in the precept that increased knowledge is a key performance driver. If, however, it is agreed that most people are already trying their best, then most companies vastly underestimate the importance of ever-increasing knowledge.
4. **INCREASED COMPLEXITY:** The greatest single deterrent to performance excellence! It is in times of expanding markets and high margins complexity flourishes. In times of declining volumes lower-value activities and low volume products and customers take their highest toll.
5. **INCONSISTENT AND UNCLEAR EXPECTATIONS:** There are two

categories of disfunctional KPIs. The first is conflicts such as optimal machine use vs. minimum inventories or increased sales vs. higher margins. The second is the use of long-term objectives such as Six Sigma. Unless such concepts are translated into detailed short-term activities individuals are never sure what is expected of them.

6. **THE CHALLENGE OF PASSION:** Excellence is the most difficult of all objectives, achieved only by those with a disciplined passion to excel. Without passion the excellence-of-process discipline is impossible.

7. **STAFFS IN CHARGE:** During times of economic challenge organisations often add staff-driven audits, controls, and new emphasis areas to a system whose only focus should be the essentials of daily performance.

8. **NEGLECTING THE BASICS:** Process capability and control are often seen as a measure of quality instead of as indicators of the capability of the processes or equipment provided.

9. **RESISTANCE TO DAILY DISCIPLINE:** Repetitive daily discipline needed for variation reduction and manufacturing excellence is often viewed as limiting creativity and right to manage rather than as a mandatory basic of good manufacturing.

10. **LIMITED INVOLVEMENT EXPERIENCE:** Few managers have actually led a group when delegation and involvement must produce immediate and substantial performance improvement.

11. **TOO MUCH FOCUS ON OUTPUT MEASUREMENT:** While most organisations are output or results focussed, the central driver of performance is the quality of the input.

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When there is no Gandalf and Gollom is your guide ... Be thankful for the security of project management process

BY CRAIG SUTTON



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In the Lord of The Rings one of the most popular characters is Gandalf The White, a wise and powerful wizard who has all the answers and always turns up at the right times and places to preserve the fortunes of the main characters.

Most companies wish they had their own Gandalf The White. Some do. We are lucky in that as a management consultancy we have quite a few of them, specially in project management!.

They have a vast history and experience and like Gandalf always seems to be there to get our clients and sometimes our own consultants back on the right path. Every company should have at least one but unfortunately many don't because they are rare, can be very expensive, and unlike their screen incarnation can't be everywhere at once.

So what are the options? – One is to have a simple yet rigorous Project Management Process that encompasses the very best practice derived from the Gandalf The Whites of the world.

Its processes are readily available, proven and used by some of the world's biggest largest and most successful companies. These processes provide a tried and tested map to take novices and experienced project managers alike down the path of a successful project or campaign.

Let's look at this in context of the Lord of The Rings.

Consider two of the main characters Frodo and Sam, both Hobbits tasked with the perilous job of returning the Ring of Power to the depths of Mordor. Both are ordinary hobbits who have never completed anything remotely similar. Do they sound a bit like you or for that matter anyone tasked with a project that is by definition a unique endeavor?

Frodo and Sam start off with some guidance from Gandalf The White and for a while things move along quite nicely but comes the point when they are on their own and quickly in trouble. No map and now no guidance. Enter Gollum.

To me Gollum represents many consultants and contractor project managers out there who take you in the generally right direction but keep the map to themselves and sometimes have other agendas. Gollum takes both hobbits on his own path and whenever he goes missing they're hopelessly lost and often in great peril. The farther they follow Gollum the more reliant they are on him.

Consider however if Sam and Frodo had their own map – not only would they not need Gollum but they would also be better prepared to navigate perils or avoid them all together.

The other thing about Frodo and Sam is that Frodo wouldn't succeed but for the dedication of his good friend Sam. So imagine if they had different maps. Even with the same destination or goal their ability to work as an effective team would be impossible. Their project result would be a total failure and the Ring of Power would never be destroyed.

We could be still fighting Orcs today because the message in terms of project management is not only the importance of having a map but that it must be the same map for everyone.

There are managers out there who see the discipline of project management as a waste of time, something that inhibits creativity and consumes their already busy schedules with excessive planning and documentation. They point to how they have completed past jobs without the tools of PM.

But they ignore one of the main reasons for using PM tools: The optimisation of a company's resources across the whole organisation.

There is no doubt that people are capable of getting the job done without too much planning. But often it comes at terrible cost because already stretched resources are not well spent and are unable to progress other key projects.

When people are measured not only on their end result but also on how effectively they have managed and used resources a whole new behavior is observed. Enter the need for PM skills.

It follows that as companies become leaner and leaner the need to optimise their resources becomes more critical and as they relentlessly continue to do more with less this need for PM skills will only get stronger and the discipline of PM more sophisticated.

The winners will be the companies investing in a common approach and developing this capability right now, while they still have the resources to cope with the learning and development curve they must inevitably go through.

The first step is to get a good map. Or find a Gandalf!



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Achieving results never thought possible



High performance, performing excellence, Hi-Performance. Different people call it different things but when it comes to manufacturing they all mean achieving results not previously thought possible. In the article above, Peter Dawson refers to manufacturing excellence as a never-ending process and in the recently-published second edition of Hi-Performance Manufacturing (114 pages, published by Kepner-Tregoe) excellence in manufacturing is defined as:

- 100 per cent commitment to personal safety
- 100 per cent on-time delivery
- Six Sigma quality (Fewer than 3.4 defects per million opportunities)
- 95 per cent equipment reliability, and a
- Focus on products able to maintain a healthy profit margin.

Copies of this new edition of Hi-Performance Manufacturing are available free of charge.
To order email jtimbs@kepner-tregoe.com.au or phone

+61 2 9955 1625.

A step towards Manufacturing Excellence, the continuous journey that has no end-point

BY PETER DAWSON

Our mill was established with lean manning and flexible work practices but like many manufacturing facilities we begin each year with a totally new set of challenges.

New products, developing new technologies and equipment, plant reliability problems, managing fluctuating plant workload, and a truckload of other issues keep us extremely busy

In fact it's easy to lose one's sense of purpose and forget that we are here to keep making the plant more efficient. If we are not working on improvements to our efficiency every day we are going backwards!

At Onesteel we call the process of making our operations more efficient Manufacturing Excellence. For us it is a continual process and not the end point.

We believe ME is continuous and ongoing and we will never get there. I see my job as developing the focus, systems and tools for our people to work on ME every day.

Around 18 months ago I was looking for a particular improvement tool. The people we employ here are very capable problem solvers. In fact we deliberately set out to find people who were good problem solvers, who were practical and could think on their feet.

Fortunately and unfortunately that is exactly what we achieved. We solved many problems and made much progress but there were also many problems that kept coming back. These showed we were either not addressing the real issue or were not staying long enough with the fix.

The problem with good problem solvers is that they are trained to react to information they receive; but what if it is the wrong information? We had to take a look at ourselves and change the way we were working. We needed more than a tool, we needed a cultural change in the way we worked.

We needed to improve our focus on problems; we certainly did not gather enough or the right facts and data and because of that did not get to the root cause. We were solving problems we thought we had, not what we really had. We needed help.

At that time John Prestidge, our general manager manufacturing rod and bar, was roving the internet and found Kepner Tregoe. We decided they could not only help us to make the cultural change we wanted but also had a tool called Blitz that could help us make a breakthrough improvement and we like almost everyone else had a particular problem that needed a breakthrough.

We began by putting 15 of our people through KT's problem-solving process and then we selected problems for Blitz projects. These projects were then given a formal and tightly controlled 12 –15-week plan structure. It had weekly formal reviews and periodic senior management

reviews to make sure we delivered the business results we set out to achieve. We also found it was an ideal tool to help develop our skills in each area while making an important business improvement at the same time.

We quickly discovered that if you are really going to hothouse a process improvement you need management commitment to be able to implement the recommendations the team develops. You also need people on these projects that you can't afford to have on these projects! It is critical that you put your best people on the projects if you want them to work

As part of that we also committed to training four of our own people so they would be able to train others in KT's problem solving process so we could do it ourselves after they left.

We ended up making several process improvements outside the main area we selected for Blitz – which we named Project Cobbles (when hot rolled steel goes wrong it makes a cobble). In the long term the Project Cobble improvement ended up as only one part, albeit an important one, in improving our overall plant throughput.

We then ran further in-house training courses for the rest of our people and now have two fully qualified trainers in our mill and two in our melt shop. We have also trained all our line and support staff and nearly half of our crews.

We are still well short of achieving the cultural change we set out to make. There are still times when we can jump to conclusions and we constantly need to challenge one another and make sure we have the facts and the data.

Real cultural change means training and commitment over several years to give the quality of results we all seek. It's not going to happen in one Blitz project, however great it is as a breakthrough. The focus on facts and data root cause is something that has to go on forever. Manufacturing Excellence never stops!