

Reversing the Culture of Waste



Best Practices for Achieving Process Excellence

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Introduction

A general definition of waste used in traditional businesses today is any process, task, step, or activity that does not add or create value for the customer. Who can argue with this definition that has served so well for the many and diverse business improvement initiatives over the years? Is this definition equally applicable to entrepreneurial management and innovation given the extreme uncertainties of today's ultra-competitive business environment?

For mature organizations in any sector, whether for-profit or not, public or private, business or government, the data indicate that – despite best efforts – waste as a percentage of revenue or budget is high. Experience in supporting hundreds of clients worldwide over the past 22 years indicates that 30 to 40 percent of an organization's revenue or a government's budget is pure waste.

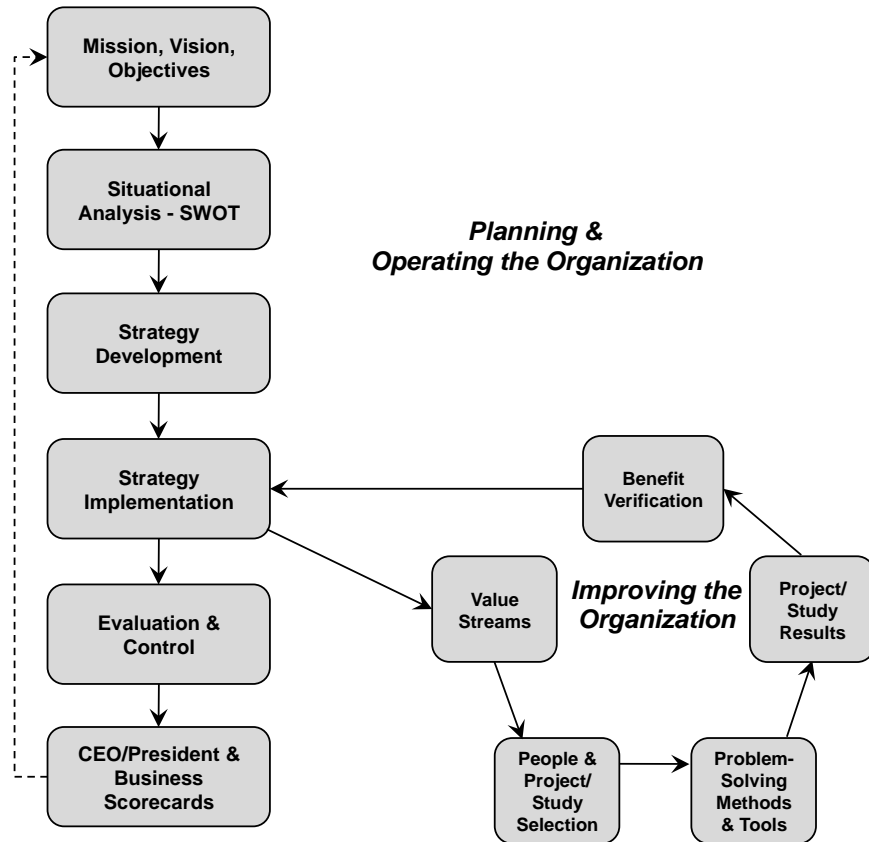
In startup ventures – be they small, garage-based, or part of an established organization – new products and services continue to receive a green light based on intuition over facts, taking a huge toll on management and financial investors, not to mention the creative talent and passion of its innovators. Despite the efforts of managers and employees schooled in the latest technical and managerial tools and techniques, waste continues at epic proportions. Though many have been successful in curbing waste, most of our current management styles, rigid organizational

structures, systems, and processes still serve to legitimize those activities that comprise waste. Hence, the term “*culture of waste*” is used in this text’s title. Waste’s infamous partner in crime, variation, exacerbates the impact of waste in any organization. Waste and variation are to businesses today what Bonnie and Clyde were to banks. They steal our money and prevent our customers from coming back. Worse yet, many tend to become enamored with “waste and variation,” just like many moviegoers endeared themselves to “Bonnie and Clyde.”

Our rationale for writing this text is to share our set of learned and proven Process Excellence principles or “Best Practices” to help you reduce your organization’s waste *systematically*. Regardless of your organization’s history in process improvement, be it Lean, Six Sigma, Design for Six Sigma, Operational or Competitive Excellence, Business Process Management, Agile, etc., reviewing and implementing these best practices will significantly enhance the prospects for achieving your vision, plan, and passion in support of your customers.

This text is intended for any practitioner of Process Excellence. It should be especially useful for those having operational and/or entrepreneurial responsibility for the organization, regardless of its size, business sector, economic situation, or conditions of uncertainty. The best practices are as relevant to well established, mature organizations as they are for small business startups.

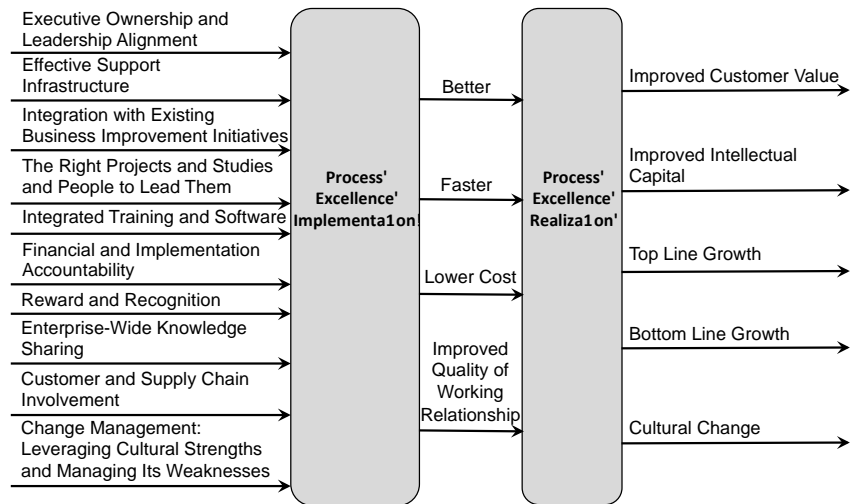
We view Process Excellence not as a program or initiative unto itself, but as a means by which an organization implements its core strategic plan as the figure below indicates:



Some readers will associate the term Process Excellence as used herein with Lean, Six Sigma, Lean Six Sigma, Design for Six Sigma, Competitive Excellence, Agile, or any other name that may be used to describe an enterprise-wide improvement strategy. The degree to which Process Excellence contributes to the implementation of the strategic or business plan it supports is a function of how well the best practices contained within this text

are considered and implemented. It also determines the amount of waste that is effectively removed from the system.

What are these best practices and how do they map to “Process Excellence?” The expectation from successfully implementing Process Excellence is better products and services delivered faster and at lower cost. The primary vehicle by which this is accomplished is through the use of motivated, properly resourced and accountable, cross-functional project/study teams. These are led by experienced representatives from management called “Champions” and trained practitioners often referred to as “Belts,” “Experts,” “Agents,” etc. The reliance on teams to collect/analyze data and to quickly formulate/implement solutions yields an improved quality of working relationships. These points are illustrated in the dual Input-Process-Output (IPO) diagram shown here:



Over time, the expectation is that Process Excellence will become effectively embedded within the organization. Instead of improvement being project or study-based, it should become anchored as a cultural norm, i.e., the way we work. The “realization” of Process Excellence is its positive impact on each of the five benefits indicated on the right side of this IPO diagram. In order to both implement and realize Process Excellence, each of the 10 key inputs on the left side of the dual IPO diagram must be addressed. One chapter in this text will be devoted to each of these 10 inputs; and each chapter/input will be broken down into its associated best practices. Some chapters have more best practices than others, and that is intentional. A master list of best practices organized by chapter is available in Appendix A.

These best practices have been derived from supporting hundreds of clients within every business sector worldwide, as well as organizations within our federal government. Each best practice is not to be considered as an absolute rule. The intention is to offer these for your review and due consideration. As you will soon see, the imperative for some of the best practices is greater than that of others. Depending on the stage of your deployment, your organization’s unique culture, and potentially other factors, you may elect to apply some of these best practices but not others.

Though “culture” appears to be tenth on the list of the 10 key drivers for Process Excellence implementation, it is perhaps the most important of them all. In fact, the iSixSigma survey data analysis that George Maszle references in the Foreword confirms

that “culture” significantly impacts all five of the outputs. As the noted management guru Peter Drucker once said, “Culture eats change for breakfast.” The challenge is to gradually embed the terms, problem-solving methods, and related tools into an organization’s culture. Today’s “me first” attitude is contrary to this end and will undermine all meaningful efforts for systemic improvement. Constancy of effort for improvement amidst the many distractions and extreme uncertainties that arise over time is key to success.

As you read through this text, remember the core objective: systematically reducing waste through Process Excellence. Carefully consider each best practice and tailor those that make sense for you. This will substantially enhance the likelihood of achieving your vision and successfully executing your plan.

At the end of each chapter is a table summarizing the best practices that impact that particular input. We encourage you to assess the degree of your organization’s implementation for each best practice by annotating a score between 0 and 2 next to each best practice. A “0” means “no implementation of that best practice whatsoever,” and a “2” means “we do that very well.” We encourage the use of integer values for each score, like 0, 1, or 2. However, you may also opt to use a 0.5 or a 1.5 if you believe that this degree of resolution is possible. Then, in Appendix B, transcribe the totals from each of Tables 1-10 and sum. Since the maximum value for each best practice is “2” and there are 50 best practices, the maximum total score is 100. Then locate your total

score in the second table contained in Appendix B and find the percentile associated with your score. These percentiles were calculated based on 545 respondents who participated in the Air Academy Associates/iSixSigma Survey performed in 2011. Your percentile compares your organization's overall score against those organizations represented by the 545 respondents who also rated these 10 inputs.

We wish you every success in your journey to reduce waste through a disciplined, knowledgeable, and accountable journey in Process Excellence.

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