

ARTICLE

How to Maximize CI Benefits With Leadership Training

This TBM article explores best practices for maximizing the benefits of a continuous improvement program through focused leadership training.

BY MICAH EL SERENA

Executive Summary

Companies invest a significant amount of time and money educating their employees on the continuous improvement (CI) process. Unfortunately, many CI training programs fail to address underlying problems that could impede further progress such as a lack of standards or enterprise-wide engagement in the CI process.

External training professionals combined with top-level reinforcements that include audits and ongoing communication can help close gaps that cause CI benefits to stall or fall short of their full potential.

Even companies with trained lean or Six Sigma professionals need to ensure leadership owns and takes responsibility to drive the changes needed for future growth.

Inventory turns are up and productivity has doubled. Early results indicate your company's continuous improvement (CI) program is successful. Now you want to sustain these gains, but changing business needs, such as global expansion, have exposed gaps in your CI program.

This often happens when companies fail to change underlying habits that were the root cause of previous inefficiencies. So what are some of the common gaps that can stall lean progress? CI programs can lose momentum when:

- Companies ignore or lose sight of issues with standard work.
- Leadership fails to continually reinforce lean behaviors;
- Leadership doesn't effectively communicate how lean efforts are tied to financial performance; and,
- Employees lack basic skills to drive lean results.

Ongoing training that focuses on applying standard work practices, layered audits, and problem-solving skills helps companies address gaps in their CI programs. Systematic processes that link CI activities to desired financial outcomes also are critical to sustained success.

External training professionals combined with top-level reinforcements that include audits and ongoing communication can help close gaps that cause CI benefits to stall or fall short of their full potential.

Leadership Sets the Tone

Any attempt to address these shortcomings starts with leaders, who must set the expectation that the lean initiative is an ongoing process. The need for customized CI training for higher-level professionals is widespread.

For instance, leaders at one large building-materials manufacturer realized its CI efforts had not kept up with its growth globally. The company needed to refocus training goals from short-term, Six Sigma-driven gains to the creation of a CI culture that would permeate every level at all locations.

Through TBM's LeanSigma® Institute, the company trained leaders onsite at overseas locations using native-language instructors and materials. This in-person instruction supports long-term consistency and standardization across an organization rather than relying on video or online training resources.

Leadership CI training should reinforce that leaders must take an active role in monitoring the progress of CI programs. This includes observing production charts and other critical dashboards on a daily basis.

Leaders also need to tie progress to the financial performance of the organization. For example, how will a project that reduces labor cut the need for temporary workers or bring additional revenue or new products? In turn, leaders should link financial performance to individual incentive compensation, connecting company success and personal achievement.

Define and Refine Standard Work

Part of the continuous reinforcement effort involves a focus on standard-work processes. Standard work refers to a consistent way of performing various jobs. Leaders should implement changes in standard work for the entire organization when inefficiencies accumulate in routine tasks.

For instance, a human resources (HR) executive at one large company spent a significant amount of time obtaining information from various company sites to file an Equal Opportunity Commission report.

The company implemented a standardized process to cut the time spent gathering data. Local HR representatives began filing the monthly reports in the new standardized format. This reduced the amount of time needed to file the annual report from nearly two weeks to one to two days.

Leadership CI training should reinforce that leaders must take an active role in monitoring the progress of CI programs. This includes observing production charts and other critical dashboards on a daily basis.

The company combined the standard work with a layered audit to ensure compliance. A layered audit is a process that involves one level of an organization reviewing standard work of other organizational departments. In this case, the HR executive audited each local HR representative's reporting process during her regular visits to the site to ensure they were following the correct procedure. The audits added only 10 to 15 minutes to the executive's visit.

While the layered audit ensures compliance with the standard work, the process is still dependent upon the problem-solving skills of the auditor. This is where ongoing training can help ensure people have critical-thinking skills needed to see CI gaps and create solutions to correct the problem.

Basic Training

Even companies with solid CI programs and internal training resources have identified additional training needs. A November 2011 survey sponsored by TBM and IndustryWeek¹ magazine indicates that the ability to solve problems faster would have a major impact on increasing the benefits companies receive from Operational Excellence and CI efforts.

Of 300 people responding to the survey, 14 percent ranked faster problem-solving abilities as having the most significant impact on future CI benefits. That was second

¹ IndustryWeek and TBM Consulting Group, Breakthrough Objectives and Continuous Improvement: Closing The Gap, November 2011.

only to better communication and planning. Recent studies have indicated there is a significant demand for helping midlevel managers and executives better lead and manage in a CI environment.

Research² shows that all employees need:

- Basic CI knowledge, such as 5S and standard work, for enterprise-wide deployment;
- Critical thinking and problem-solving skills, as well as systems thinking;
- Knowledge of the company's CI program objectives;
- The ability to manage change; and,
- Ongoing training to reinforce the knowledge they've gained.

Companies increasingly value ongoing training at all organizational levels because they're realizing that accelerated lean learning enables them to take advantage of accelerated growth opportunities.

For instance, one medical-device contract manufacturer used a consultancy firm's training resources to help build a lean culture throughout the company. In 2008, the company began training at its largest plant and focused on improving value for its largest customer.

The goal was to create the greatest-possible impact early in the lean program to build enthusiasm and momentum. The company planned three waves of training, starting with its largest plant and seven other facilities in the first wave. Ten people at each site participated in the eight-week program.

Training at the company was uniquely designed to align with client goals and market expectations. In medical-device manufacturing, customers demand optimal lead time and responsiveness—along with inventory control to contain costs. So the company focused its training plan on increased productivity, decreased lead time, and reduced work-in-process. Through a combination of training and targeted projects in between training sessions, the company was able to achieve several improvements. In five months, improvement projects identified through 11 kaizen events yielded \$1.7 million in savings.

This includes productivity gains, work-in-process reductions, cycle-time improvements, and lead-time reductions. In addition to cost reductions, the company has received the most highly sought reward for process improvement—increased sales. One of its largest customers rewarded the company with its highest supplier recognition for lean performance and increased orders.

² TrainingIndustry.com, Meeting Continuous Improvement Training Needs, February 2010. Independent research study of training professionals or continuous improvement leaders from 75 manufacturing and service companies with \$250 million or more in annual revenue.



8

weeks of continuous improvement training

11

kaizen events conducted over five months

\$1.7

million in savings achieved through improvement projects

About the Author

MICHAEL SERENA

A partner with TBM since 2002 and an educational psychologist, Mike is recognized for his expertise regarding site and corporate cultural transition, management development, and new product/process launches. He has lived and worked in the U.S., Europe, India and Japan.

Key characteristics companies should look for in their external training provider

1. Capabilities

- The ability to assist with lean implementations by industry or level of industry experience
- Deep knowledge of lean, Six Sigma or Sigma Kaizen
- Hands-on experience implementing a CI program

2. Content

- The ability to train leaders in the business so they can train their employees
- Experience using lean tools to support growth initiatives
- Hands-on training including practice examples, student workshops, case studies and simulations
- Tools for sharing best practices, tracking metrics, managing strategy and deployment

3. Delivery

- Content and delivery for all levels including executives, managers and hourly workers
- Content and delivery for different roles including executives, managers, lean champions, lean practitioners, manufacturing, engineering and support functions
- A library of training and certification content and the ability to customize it with delivery options for web-based, blended or in-person

4. Geography

- Multi-lingual instructors
- Geographic footprint with local instructors available who understand the different cultures

SPEED WINS EVERY TIME

TBM specializes in operations and supply chain consulting for manufacturers and distributors. We push the pedal down in your operations to make you more agile and help you accelerate business performance 3-5x faster than your peers.

in |  |  | tbmcg.com

