Sustainable Productivity Solutions
Processes + People DRIVE Performance

SUSTAINABLE PRODUCTIVITY NEWS

"for improving operating margin with Continuous Process Improvement tools"

Volume 6 Issue 3 Q3 2015

Initial Focus of Building a Continuous Process Improvement (CPI) Culture

This first of two articles prescribes how we should initiate an effort to build a CPI culture. Next quarter, a second article will prescribe how we can build a CPI culture into our organization's DNA.

Let's review the industry definition of the expected benefits of a CPI culture. A CPI culture will have a significant impact on our ability to solve operational challenges in an efficient, impactful, and long-lasting manner. This will drive improvements in operating margin through improved operational efficiency and flexibility.

The focus during initial phase of building a CPI culture is to:

1) Engage our front line workforce in the problem solving process.
2) Instill the discipline in our leaders to solve problems at root cause level, and
3) Introduce Operational Engineering (OE) tools that uniquely fit our culture and needs.

Engaging our frontline workforce in the problem solving process requires us as leaders to switch from a "who do we blame?" reaction to operational failures, to a "where did our processes fail?" reaction.

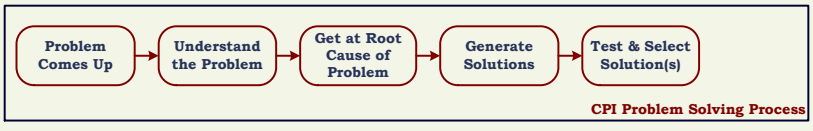
The who do we blame approach teaches our people to be careful about speaking up and sharing information regarding potential causes of operational failures; since they are afraid that the blame will lie with them.

On the other hand, the where did our process fail approach to problem solving, facilitates our transition from the traditional blame & shame culture, to a focus on understanding how our processes work and identifying the changes in the processes that will eliminate these operational failures. This approach makes it safer for our people to share more information with us about why the operational failures occur.

Instilling the discipline to solve problems at a root cause level is how our team learns to stop shooting from the hip when problem solving. Getting to the root cause of our process failures will allow us to generate solutions that are impactful and permanent.

There are over a hundred OE tools available, and it does not work to teach them all. Most people only need to know 10-20 of these OE tools. It is easier to build our operational improvement skills if we only teach OE tools that apply to our unique culture and needs.

Wishing you success at getting more cash from your business.



"… had more impact on implementing change than any other facilitator that I have encountered in my career …"

- Randy Ollenburger, Release Manager, software company

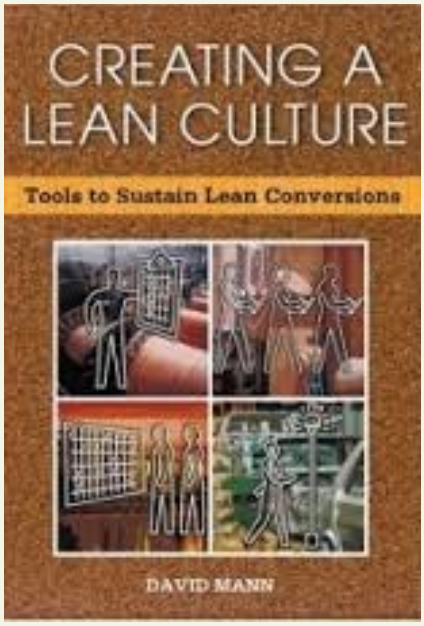
In This Issue

Book Review: "Creating A LEAN Culture" by David Mann

Note: in this article, the term LEAN is used synonymously with the term Continuous Process Improvement.

The Shingo prize is considered to be analogous to the Nobel Prize for the Operational Excellence arena. David Mann's *Creating A LEAN Culture* won this award. This award is truly deserved by this book that lays out a step by step approach for how a leadership team needs to behave if they desire to build a LEAN culture.

The book is broken up into two parts. The first part reviews the critical principals of a LEAN management system, and the second part details how leaders should behave to reinforce these principals.



According to Mr. Mann, the critical principles of the LEAN management system are:

1) Leader Standard Work
2) Visual Controls
3) Daily accountability process
4) Leader's Disipline

Leader Standard Work provides the "engine" for powering our LEAN management system. When the leaders follow their standard work process, it makes it easier for the rest of our team to also follow their standard work processes.

Visual Controls are the "transmission" that translates the performance of our processes into expected vs. actual. Critical performance data is displayed in a highly visual, widely accessible, and readily reviewed format.

Daily accountability process provides the "Gas pedal and steering wheel" for our LEAN management system. It provides a mechanism for the leaders to steer the direction for our improvement activities, as well as control the pace of when improvements are expected to be achieved.

Leaders' Discipline provides the "fuel" for our LEAN management system. The discipline to execute leader standard work, visual controls, and a daily accountability session is critical for ensuring that we build the LEAN management system into our company's DNA.

The most important action that leaders need to take to drive the LEAN management system is called a Gemba walk. A Gemba walk is where leaders learn to see problems, not just correct them.

In a Gemba walk, the leader learns to be process focused, ensures their availability to frontline personnel, and works at engaging the frontline workforce in the problem solving process.

Mr. Mann provides details on how the Gemba walk varies by levels in the organizational hierarchy. This is crucial as the expectations are that all levels of the leadership team spends time at the frontlines; I have seen this personally work at the railroad where all operational executives make it a point to spend significant portion of their time at the operational frontlines.

Recommend For leaders seeking to build a LEAN or CPI culture.

CONFERENCE CALENDAR

Society of Manufacturing Engineers Westec Conference, September 15-17, 2015, Los Angeles, California

Michigan Simulation User Group Annual Conference, October 14, 2015, Troy, Michigan

Association for Manufacturing Excellence Conference, October 19-23, 2015, Cincinnati Ohio

CONFERENCE CALENDAR

Western Growers 90th Annual Meeting, November 8-11, 2015, San Diego, California

Winter Simulation Conference, December 6-9, 2015, Huntington Beach, California

Institute of Industrial Engineers Conference, May 21-24, 2016, Anaheim, California

Resource Allocation Simulation For Produce Farming

Process flow simulation, as a tool, was initially utilized exclusively for testing out designs of new processes and facilities. These simulation models allowed companies to identify how well the design will work, what bottlenecks exist in the design, as well as, determine the most effective operating strategy for this new operation.

In the 90's, companies started using simulation models to improve their strategy for operating existing facilities as well. Since simulation is the most accurate tool available for reflecting how our business operates, it is able to provide accurate insight into how our operational capability will respond to changes in both how we allocate our resources, and how much of each resource type is available.

How does this tie to Produce farming? Everyday, a grower starts their day with a variety of tillage, irrigation, production, and harvesting activities required to be completed. We have a variety of resources to assign this work to; this includes people, equipment, and implements, and the various activities required are spread across various ranches and blocks.

How should we prioritize the assignment of activities to our resources; especially where multiple activities are competing for the same resources? Over time, each grower develops their own strategy for how they allocate resources to this work, and how they prioritize the work. This will be based on their previous experience.

As our business grows, the questions arise about how can we more effectively allocate our resources to minimize the need to keep adding resources. By the way, if we don't care how much we spend on adding resources, we don't need to worry about using simulation; since we can just keep buying more tractors, build more implements, and hire more people. Not exactly the most efficient approach.

Instead, a simulation model of the farming operations can be developed. And we can use this model to experiment with various ideas on how to best allocate resources and prioritize the workload. The simulation model will let us know how each of these ideas impacts production capability, and our ability to get the work done in the most efficient manner. Thus allowing us to reduce operational costs and increase operational flexibility.

Improving Productivity Seminars to be held at Grower Shipper Association of Salinas, CA

September 9 – Simulating Processes and Distribution Centers

For operational and supply chain leaders, and designers of processes or facilities. Learn to use simulation models to significantly reduce the risks associated with "new" processes and facilities by answering the following questions:

1) How many of each type of cooling mechanisms do we buy and how much capacity should each HydroVac and AFC have?
2) How long before our product gets into the cooler, given various equipment and flow configurations?
3) Where to best store various products in the DC?
4) What it the best way to flow product through receiving, QA, and the cooler?
5) How many forklifts and people will we need to run it?

September 16 – Improve Employee Engagement

For managers and leaders from all departments. Teach your leaders to build stronger relationships with their direct reports to improve operational efficiency and flexibility Specific learnings include:

1) Why employee engagement is critical for business success today.
2) What it takes to increase your team's employee engagement levels.
3) How to utilize praise to effectively reinforce desired team behavior.
4) Empower direct reports to make decisions on their own; where appropriate.
5) Resolve conflict in a manner that maintains a positive work environment.

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