DTE Assessment Process

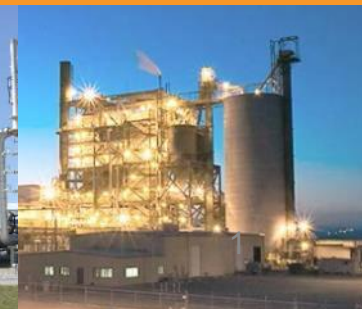**Presenters:**

Renee Lower   **Tim Menke**

Kim Meszaros   **Coleen Bedrosian**

August 13, 2015

Agenda

- *About DTE Energy*
- *Continuous Improvement at DTE*
- *DTE Continuous Improvement Maturity Model*
- *Why the model works for DTE*
- *Trends found through our assessments*
- *Learnings*
- *Improvements*

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Detroit City Gas - Founded 1849

Detroit Edison - Founded 1903

DTE Energy - *Today*

Regulated Utilities

DTE Electric

- Electric generation and distribution
- 2.2 million customers in Metro Detroit region

DTE Gas

- Natural gas distribution
- 1.2 million customers throughout Michigan

Non-Utility Businesses

Gas Storage & Pipelines

Power & Industrial Projects
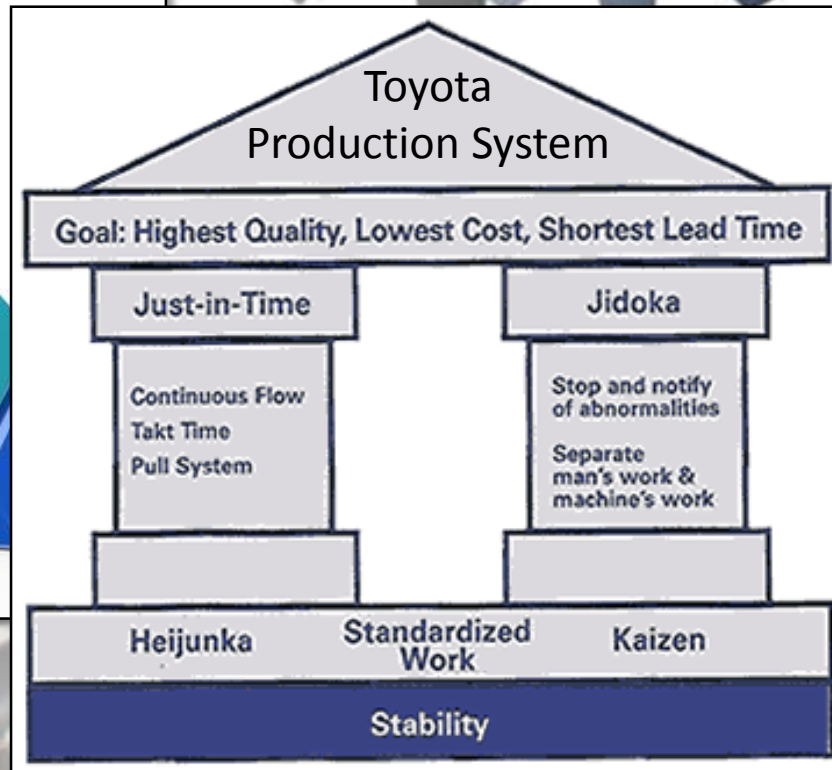

Energy Trading

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TQM

Total Quality Management

LEAN

6σ

DEFINE

MEASURE

ANALYZE

IMPROVE

CONTROL

Toyota Production System

Goal: Highest Quality, Lowest Cost, Shortest Lead Time

Just-in-Time	Jidoka
Continuous Flow Takt Time Pull System	Stop and notify of abnormalities Separate man's work & machine's work

Heijunka	Standardized Work	Kaizen

Stability

DTE Energy

The best-operated energy company in North America and a force for growth and prosperity in the communities where we live and serve

We put the health and safety of people first
...and know this responsibility rests with each of us.

We act with integrity and show respect
...and understand this defines our company's character.

We see our work through the eyes of those we serve
...and know that our work is a powerful means to serve others.

We bring our best energy and focus to our work
...and are fully engaged and accountable for results.
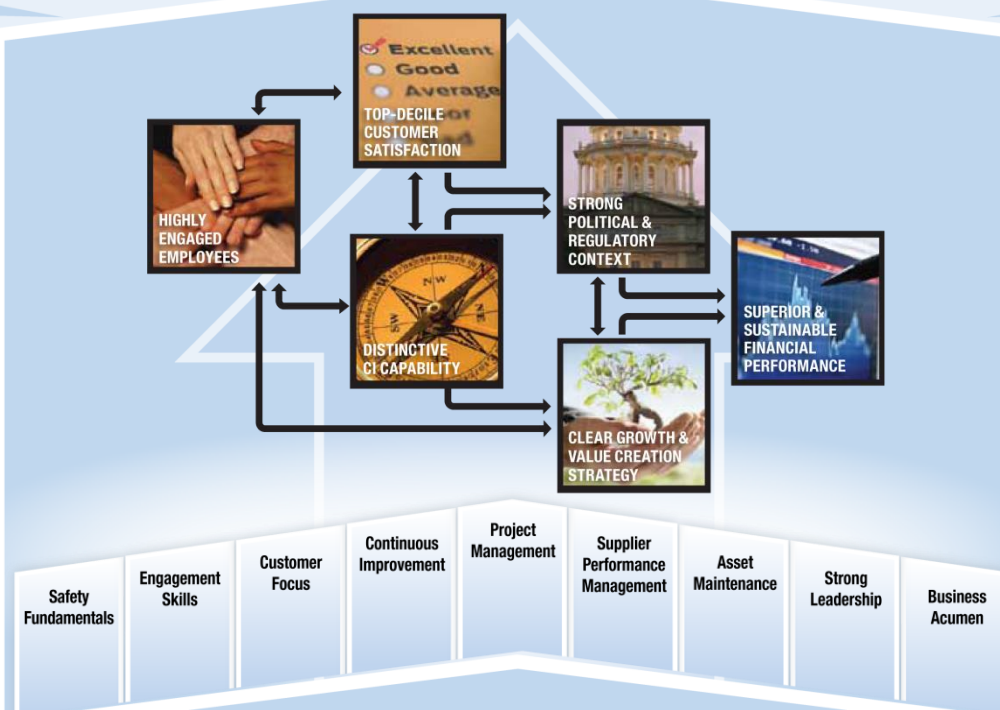
We believe that improvement is our daily responsibility
...and know those we serve have the right to expect that from us.

We play to win as a team
...and put the needs of our enterprise first.

We are passionate about the success of our company
...and know that its health and growth generate prosperity.

HIGHLY ENGAGED EMPLOYEES

Excellent
Good
Average
TOP-DECILE CUSTOMER SATISFACTION

STRONG POLITICAL & REGULATORY CONTEXT

DISTINCTIVE CI CAPABILITY

CLEAR GROWTH & VALUE CREATION STRATEGY

SUPERIOR & SUSTAINABLE FINANCIAL PERFORMANCE

Safety Fundamentals | Engagement Skills | Customer Focus | Continuous Improvement | Project Management | Supplier Performance Management | Asset Maintenance | Strong Leadership | Business Acumen

We serve with our energy,
the lifeblood of communities and the engine of progress

We have invested in teaching our employees to use CI

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We check CI progress in each group every year

- ✓ Rate 45 CI attributes on a 5-point scale

- ✓ Self-assessed annually; rated by independent internal group every 2 years

- ✓ Results used to drive CI development plans, which integrate into business priority plans

Why did we create the CIMM Process?

Develop a current state view of the entity

Drive the use of CI

Provide basis to improve
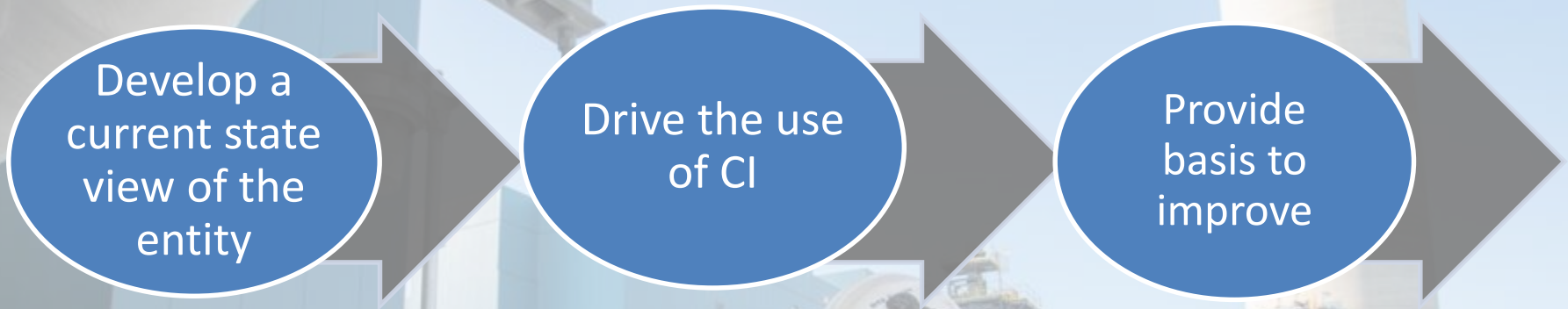
Benefits:
- Accountability
- Positive learning tensioning
- Consistent viewpoint of rating scale application and maturity
- Numerical attributes allow for comparability

How did we create it?

Benchmarked/researched

Drafted and tested model

Refined and gathered feedback for improvement

Flow of the Assessment Process

Planning	• Entity Management • Scheduling
Assessment	• 18 week check-in • Assessment Process • Field Days
Post Assessment	• Ratings • Report creation and delivery • Quality assurance
Learning & Growing	• Development plan • Consulting

Planning phase of the Assessment Process

Entity Management

- Use corporate records to create meaningful groups to assess
- Keep up with reorganizations

Scheduling

- Balance schedules of entity with available assessors
- Provide opportunities for leading and supporting
- Include vacations and conference time for team

Assessment phase of the Assessment Process

18 Week Check-In

- Leads entity through the Assessment Process
- Includes pre-specifications on deliverables
- Web-based tool kit provides templates

Assessment Process

- Entity self-assesses using tools and process
- Every other year, CIMM Team centrally assesses to validate process followed

Field Days

- CIMM Assessment Team spends 1-2 days with the entity to validate process
- Entity creates a balanced agenda for the field days

Post Assessment phase of the Assessment Process

Rating
- Blind rate (active statement)
- Collaborative rate

Report Creation
- Report is created to provide entity with thoughtful recommendations to move the entity forward in their maturity
- Reports consider the time until the next recommendation to provide assistance over the next 2 year time period

Report Delivery
- Reports are reviewed pre-QA, at QA and following QA
- Summary report is created for senior leaders

Quality Assurance (QA)
- Senior advisors provide and receive insights on assessments

Learning & Growing phase of the Assessment Process

Development Plan

- A formal plan is required at 30, 60 and 180 days following the assessment with a final plan due 1 year after the initial assessment

Consulting

- CIMM Team provides entity team with support following the assessment
- Support can vary from questions by email, in person or on-site assistance

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A strong team is vital to our success

Our governance around the process

Our Operating Committee ensures that the following actions occur:

- Corporate direction on CI is set for the corporation
- Our ratings are consistent
- Obstacles are removed impeding our process

CIMM Process Governance Model — DTE Energy

OCI • Establish DTE CI goals and targets

CI Maturity Model • Define DTE CI maturity at levels 1-5

Assessor Norm & Form • Ensure consistency across assessors

Assessor On-Boarding • Provide training on conducting Assessments

Provide accurate assessments of current CI Maturity levels with actionable recommendations for further advancement

CIMM Assessment Process

18 Week Check-in • Ensure schedule compliance • Ensure process compliance

Self-Assessment Rating Calibration • Ensure understanding of CIMM rating scale • Calibrate organization & CIMM

Observers and Peer Assessors • Ensure transparency into process

AARs • Identify lessons learned • Identify best practices

Ratings Calibration Session • Ensure consistent interpretation of CIMM • Challenge assessors • Validate findings

Ratings Crosswalk Review • Ensure consistency across enterprise • Identify best practices across enterprise

CIMM Director Review • Ensure unbiased view of ratings

QA Review Board • Provide Executive oversight • Ensure ratings and recommendations logic are consistent and relevant

November 10, 2014

Agenda
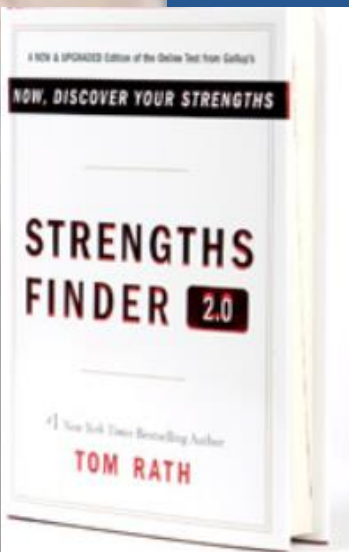
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C1 Process Design: What we see in the field

Work is viewed from a process perspective. Employees understand the rationale for their process design. Process design includes outputs, pathways, connections, activities, embedded tests, and escalations

Key processes have balanced metrics with clear alignment to enterprise priorities and match how work is performed

Work is thoughtfully designed with consideration of suppliers, customers, and business unit partners. Customer needs are at the forefront of process design

True North is used to provide direction for problem solving

C2 Problem Solving:
What we see in the field

A structure and cadence for problem solving exists and is used to reinforce and coach on the application of the scientific method, where appropriate. Teams and leaders are involved in problem solving

Employees are encouraged and feel comfortable in identifying the real issues that will improve performance of key process metrics

Problems are raised and get resolved at the root cause – they are not allowed to linger

Understanding and monitoring of critical control points triggers problem solving

"Go and see" and "Swarming" are used and tracked with CI Tools

C3 Sharing and Learning: What we see in the field

A central database of learnings exists and is easily assessable. It is utilized before problem solving

Organizations understand where they rank compared to peers on key performance metrics and actively benchmark to identify tasks to close the gap to best operated

After Action Reviews (AAR's) are readily utilized as part of the problem solving process

C4 Coaching and Teaching: What we see in the field

Coaching is a planned, deliberate practice

Leaders are responsible for the development of CI capability in their people

Coaching includes all aspects of CI activity- developing CI skills and techniques

Leaders are responsible for creating a positive learning climate

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Learnings

People

- Committed executive support is essential
- Composition of the team is important
- Central Assessment Team means no bias
- Assessment Team focus is to be humble and helpful
- Organizations committed to CI are more successful
- Ratings across the spectrum are based on leader engagement

Process
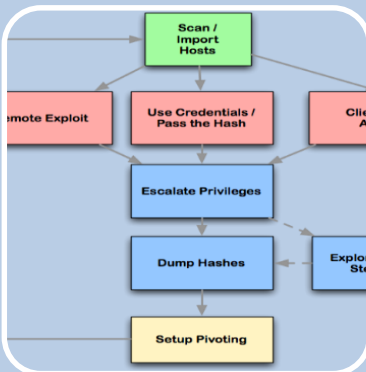
- Without an assessment there would be no impetus for change
- Distinctive CI maturity creates a competitive advantage
- Rating template education continues to evolve
- Quality schedules take time to develop

Challenges

People

- Groups may get too focused on numerical results instead of improvement
- Teams don't like to be assessed
- Evolving organizations impact success of the process
- Self-assessment leads do not always have necessary skillset

Process
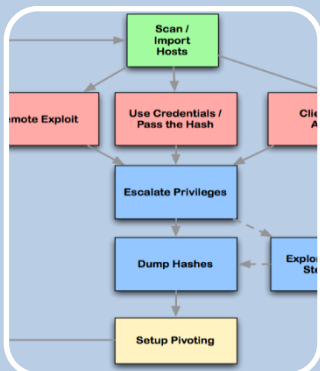
- Logistics are complicated for some assessments—travel, time, coordination

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We continuously improve ourselves

Create new tools

- Enhanced agenda pre-specifications
- Created Capabilities Attribute Template (CAT)
- Created toolboxes and website
- Developed CI Guidebook to describe Maturity

Improve processes

- Results based threshold implemented
- Streamlined document submittal process
- Enhanced agenda pre-specifications

Create new initiatives

- 2013 SaMM Model created
- 2014 PMMM Model created
- 2016 Tiered approach based on maturity

NOTE: 2010 CIMM Model Developed/Deployed

We have created roles for DTE employees of all levels

By including observers, end-to-ends and peers in our process, we have built in an embedded test for constant feedback in our process.

Observer
- No prior assessment experience required
- Responsible for following and learning from an assessor
- 1 day commitment

End-to-end
- Observer in past 12 months
- 2 day commitment—observe day 1, assess day 2
- Rate with assessment team

Peer
- Prior Assessment Team Member or solid end-to-end performance
- Fill-in as assessor for vacations and gaps in scheduling
- Must assess every 12 months

Questions?