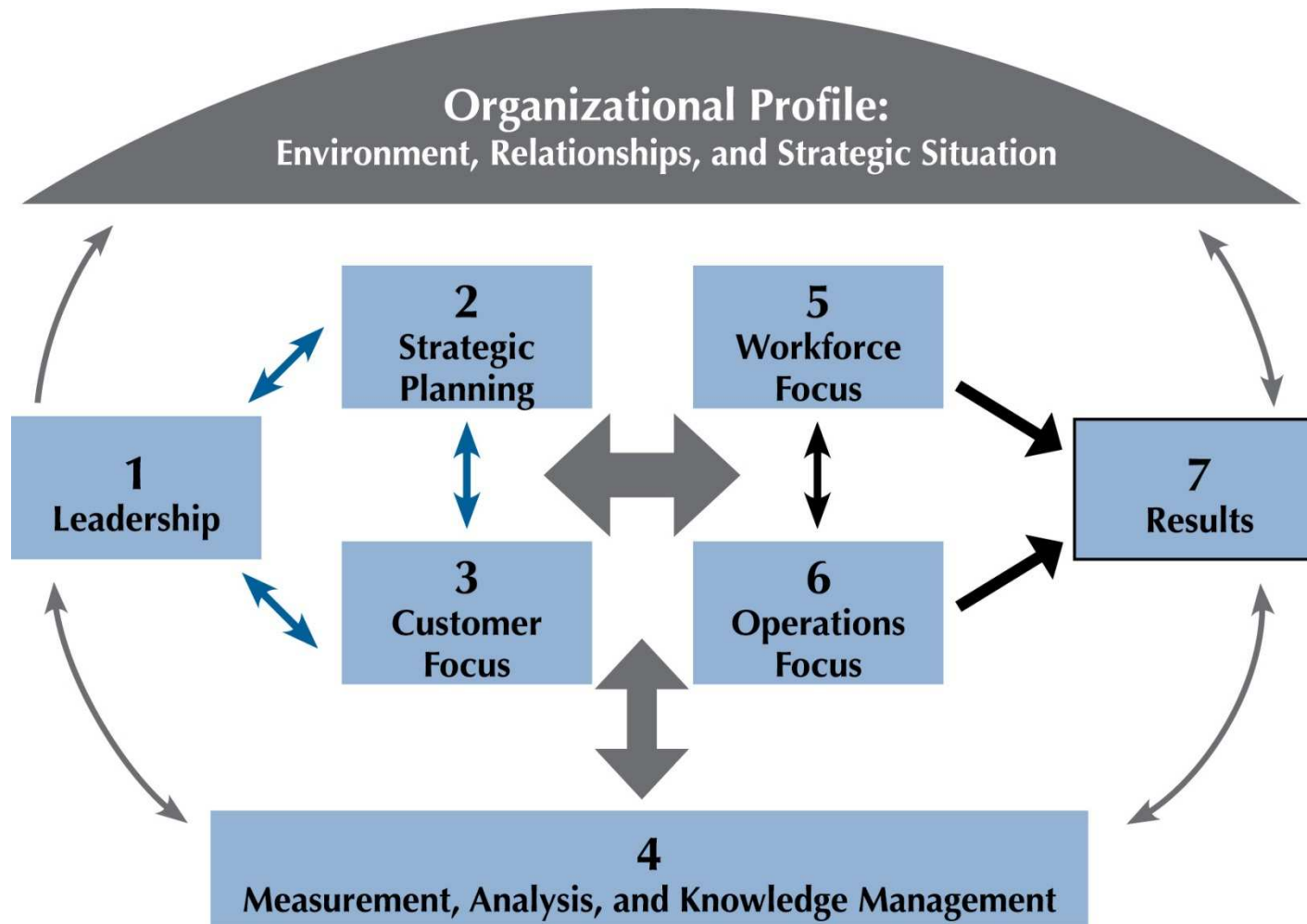


Measure What Matters



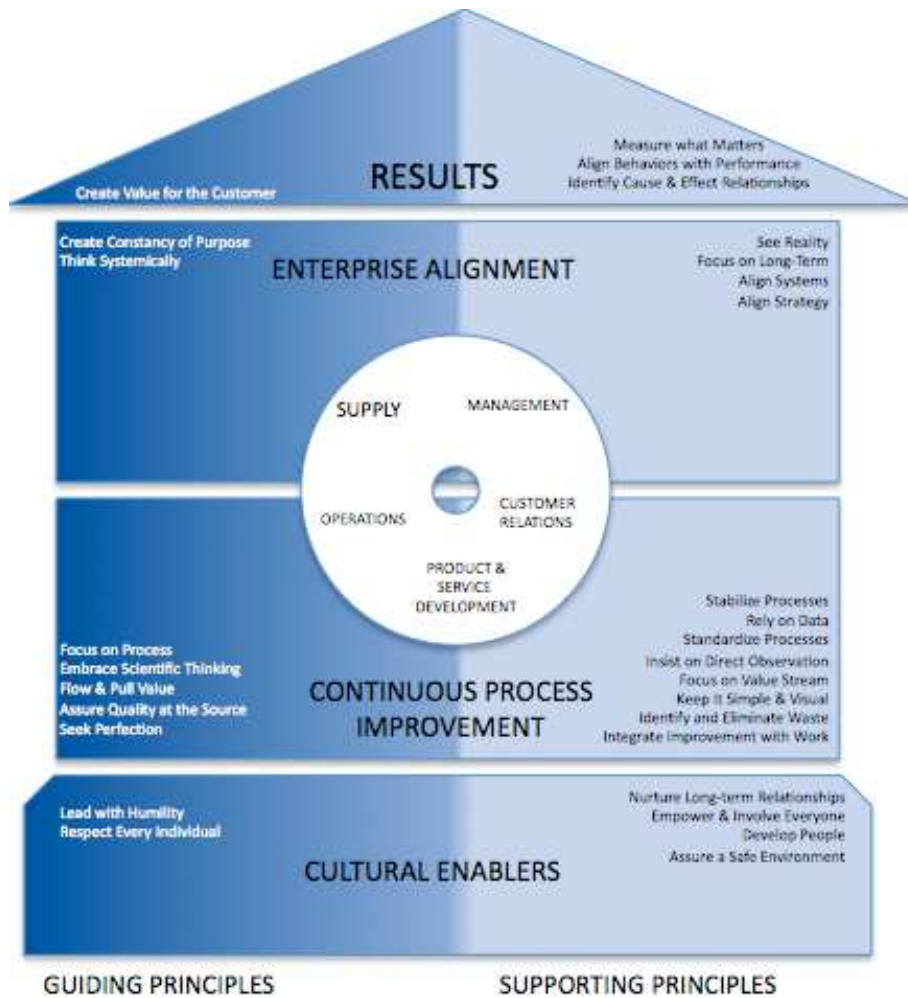
Baldrige, Shingo, and QPIC's Measure What Matters (MWM)

The Baldrige National Quality Award Criteria

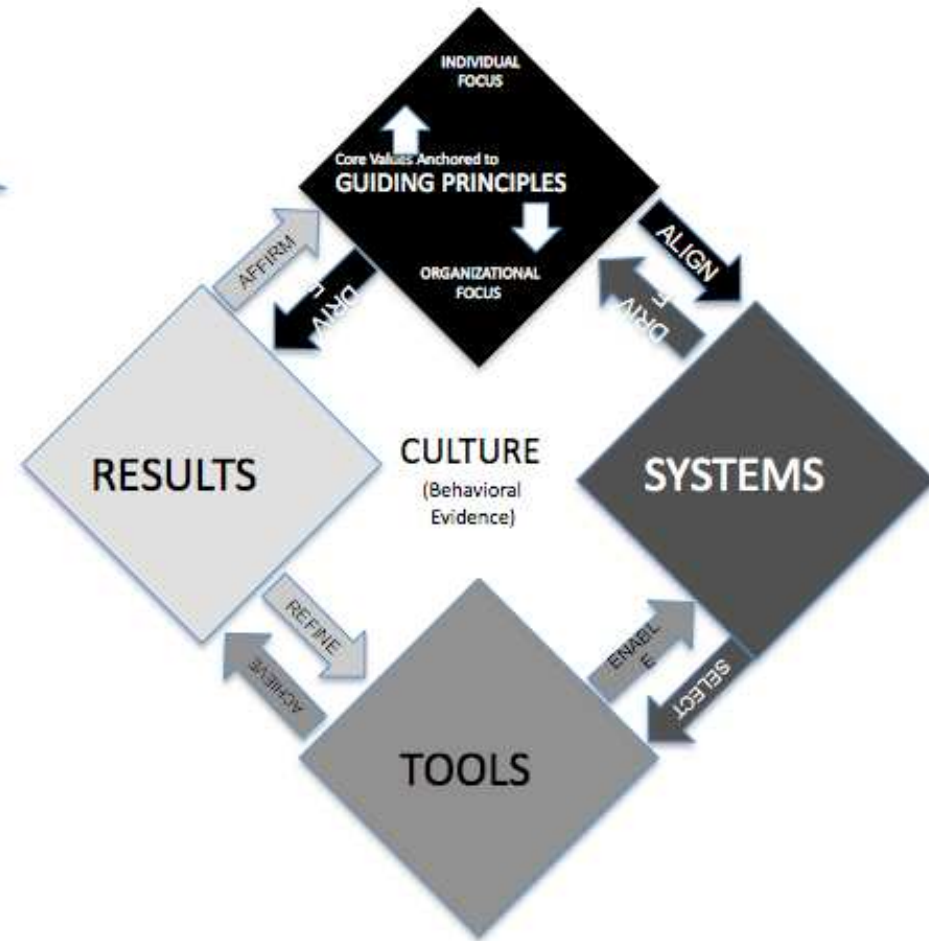


From Baldrige Performance Excellence Program, *2013, 2013–2014 Criteria for Performance Excellence* (Gaithersburg, MD: U.S. Department of Commerce, National Institute of Standards and Technology, http://www.nist.gov/baldrige/publications/business_nonprofit_criteria.cfm).

The Shingo Model



Principles of Operational Excellence



Transformation Process

Courtesy: The Shingo Prize for Operational Excellence

Creating a Successful, Sustainable, Lean Culture in Government

THE SHINGO MODEL

The Shingo model represents ten guiding principles that govern the creation of operational excellence and organizes them into four dimensions. Additionally, the model includes what is called the transformation process (the diamond). This diamond illustrates the critical relationship between principles, systems and tools.

When leaders focus on these principles and managers align systems to drive principle-oriented behavior, the transformation of the culture is accelerated. Improvement tools, which have historically been our point of focus, enable the systems; ***they must never stand alone.***

CULTURE

Culture cannot be changed by merely implementing a “program” of continuous improvement, by immersing large numbers of people in training programs, simply by organizing many improvement “events”, nor by assigning the work to a charismatic personality.

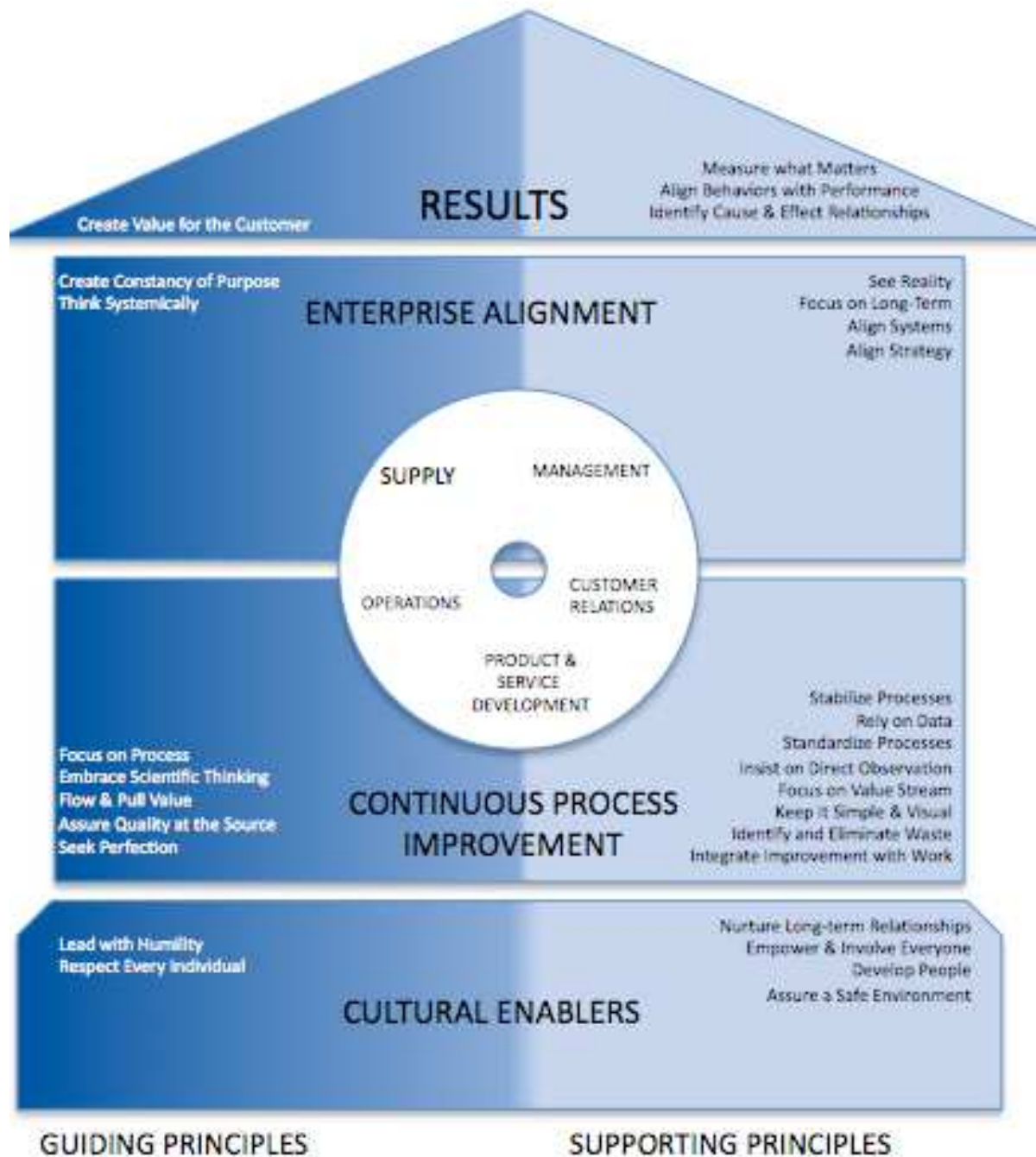
Culture can only be affected by changing the way people think. Operational excellence is only achieved when everyone, top to bottom and side to side, align their thinking and hence behaviors with correct principles of operational excellence.

PRINCIPLES

It is often said that; “the only thing that you can count on to remain the same in any organization is the fact that it will change”. Leaders change, products change, markets change, competitors change, strategies change and even visions change. The only things that can provide grounding for the culture of an organization are the principles upon which it is built.

Principles are universal truths that govern the outcomes or consequences of a particular action. Principles have always been true; they are true now and they will be true in the future. *Only when the values and mindsets of every single person in the organization become anchored in correct principles will their behaviors and therefore the culture, change.*

Shingo Principles of Operational Excellence



Cultural Enablers

Lead with Humility
Respect Every Individual

Nurture Long-term Relationships
Empower & Involve Everyone
Develop People
Assure a Safe Environment

CULTURAL ENABLERS

GUIDING PRINCIPLES

Lead with Humility
Respect Every Individual

SUPPORTING PRINCIPLES

Nurture Long-term Relationships
Empower and Involve Everyone
Develop People
Assure a Safe Environment

Continuous Process Improvement

PRODUCT &
SERVICE
DEVELOPMENT

Focus on Process
Embrace Scientific Thinking
Flow & Pull Value
Assure Quality at the Source
Seek Perfection

CONTINUOUS PROCESS
IMPROVEMENT

Stabilize Processes
Rely on Data
Standardize Processes
Insist on Direct Observation
Focus on Value Stream
Keep It Simple & Visual
Identify and Eliminate Waste
Integrate Improvement with Work

GUIDING PRINCIPLES

Focus on Process
Embrace Scientific Thinking
Flow & Pull Value
Assure Quality at the Source
Seek Perfection

SUPPORTING PRINCIPLES

Stabilize Processes
Rely on Data
Standardize Processes
Insist on Direct Observation
Focus on Value Stream
Keep it Simple & Visual
Identify & Eliminate Waste
Integrate Improvement with Work

Enterprise Alignment



GUIDING PRINCIPLES

Create Constancy of Purpose
Think Systemically

SUPPORTING PRINCIPLES

See Reality
Focus on Long Term
Align Systems
Align Strategy

Results



GUIDING PRINCIPLES

Create Value for the Customer

SUPPORTING PRINCIPLES

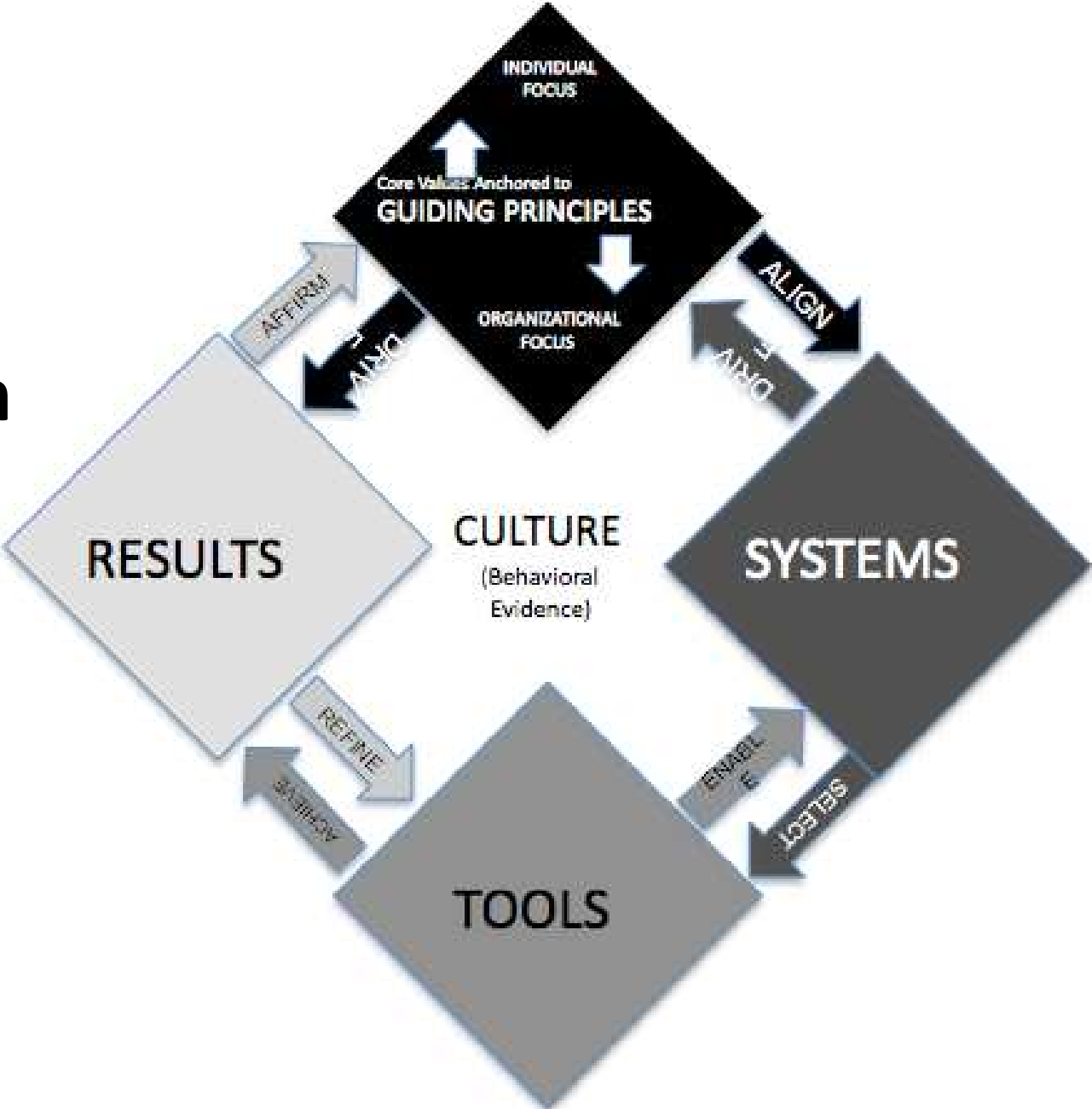
Measure What Matters

Align Behaviors with Performance

Identify Cause & Effect Relationships



Shingo Prize Transformation Process



Courtesy: The Shingo Prize for Operational Excellence



Developing Organizational Metrics to help Drive a Lean Culture

- 1. Shared Vision** – what should your organization be known for in a future period of time (5 years out, for example), developed by a base of stakeholders?
- 2. Shared Mission** – what is the purpose of your organization?
- 3. Shared Values/Principles** – what are the values/principles that your organization is based on?

Developing Organizational Metrics to help Drive a Lean Culture

4. What are your organization's key goals? (Keep your customers in mind)

- Set **bold, stretch** goals
- Use the “**SMART**” approach to goal writing:
 - **S**pecific
 - **M**easurable
 - **A**ttainable
 - **R**ealistic
 - **T**ime based

Developing Organizational Metrics to help Drive a Lean Culture

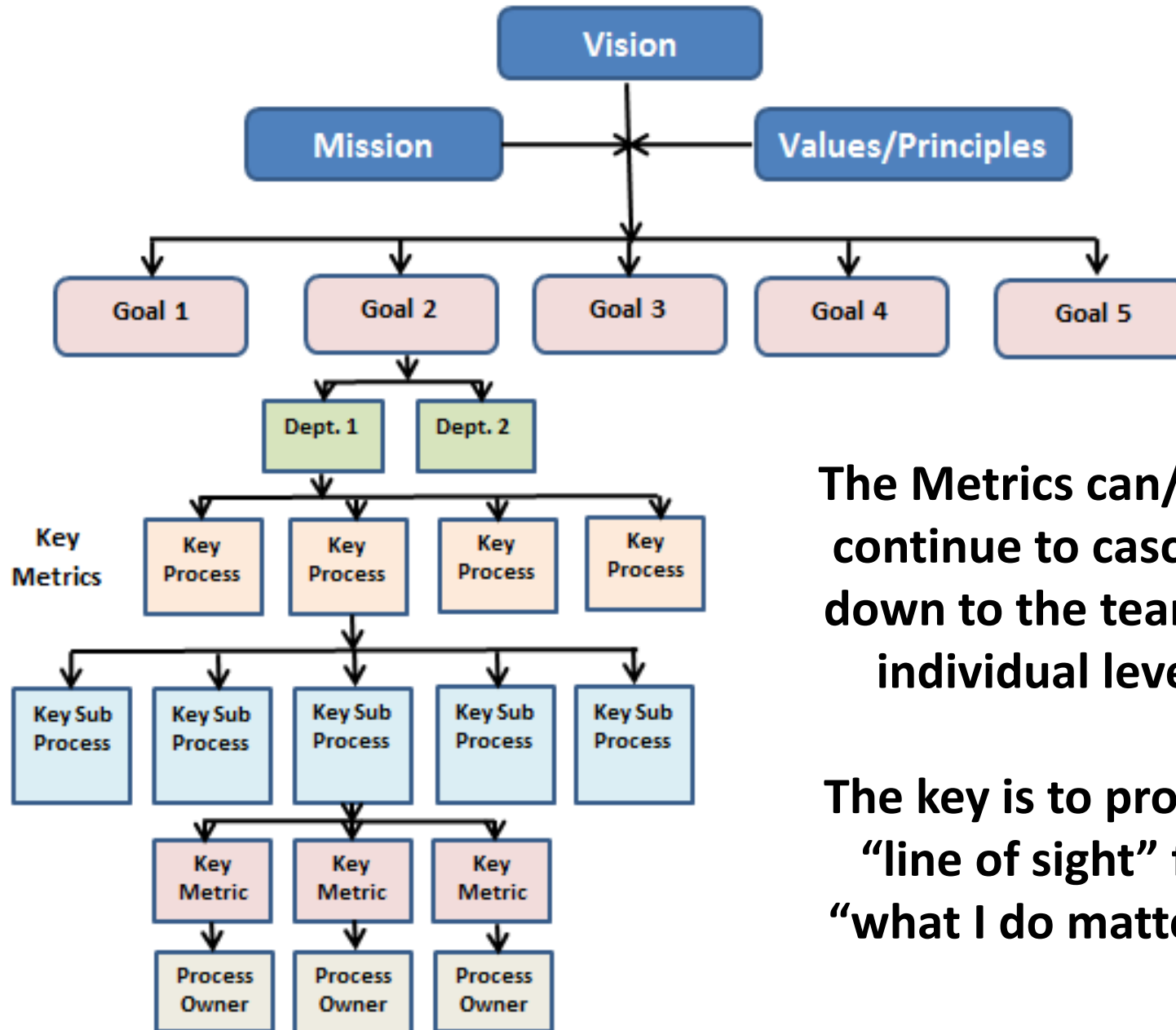
5. What units of the organization (departments, agencies, etc.) support and are key owners linked to these goals?
6. What key processes and sub-processes are in these units?
7. What key process measures should be in place to know “how are we doing?” – customer focused, visual, colorful, and with one “owner”

Developing Organizational Metrics to help Drive a Lean Culture

8. What are the strategies and subsequent objectives to continually improve the process metrics/measures?

- Kaizen Events
- Business Process Improvements (BPIs)
- Benchmarking best practices
- Daily Kaizen (DIG – Dynamic Idea Generation)
- Hoshin Kanri Planning
- etc.

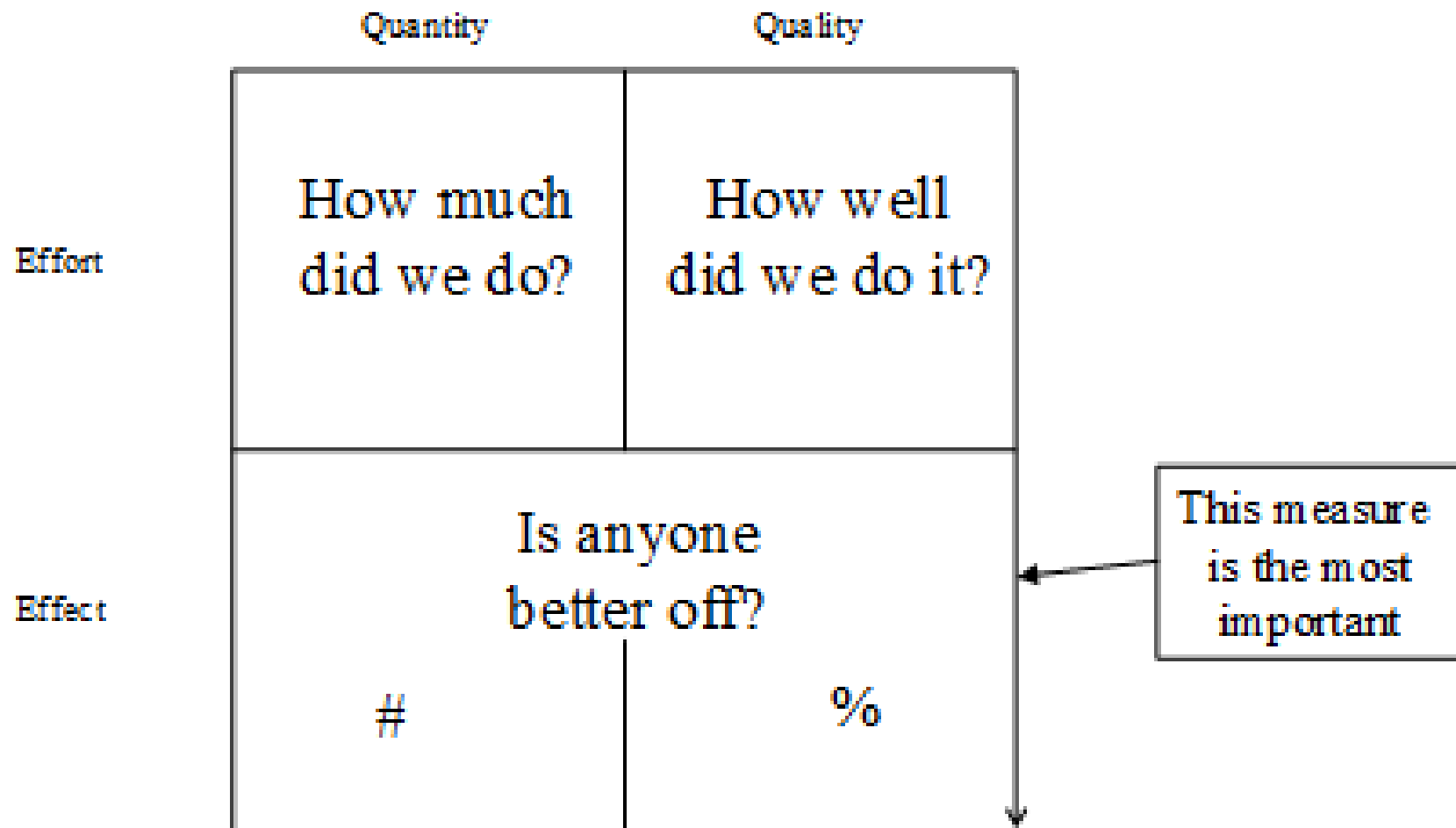
MWM – How it Looks/Works



The Metrics can/may continue to cascade down to the team or individual level.

The key is to provide “line of sight” for “what I do matters”.

Performance Measurement Categories

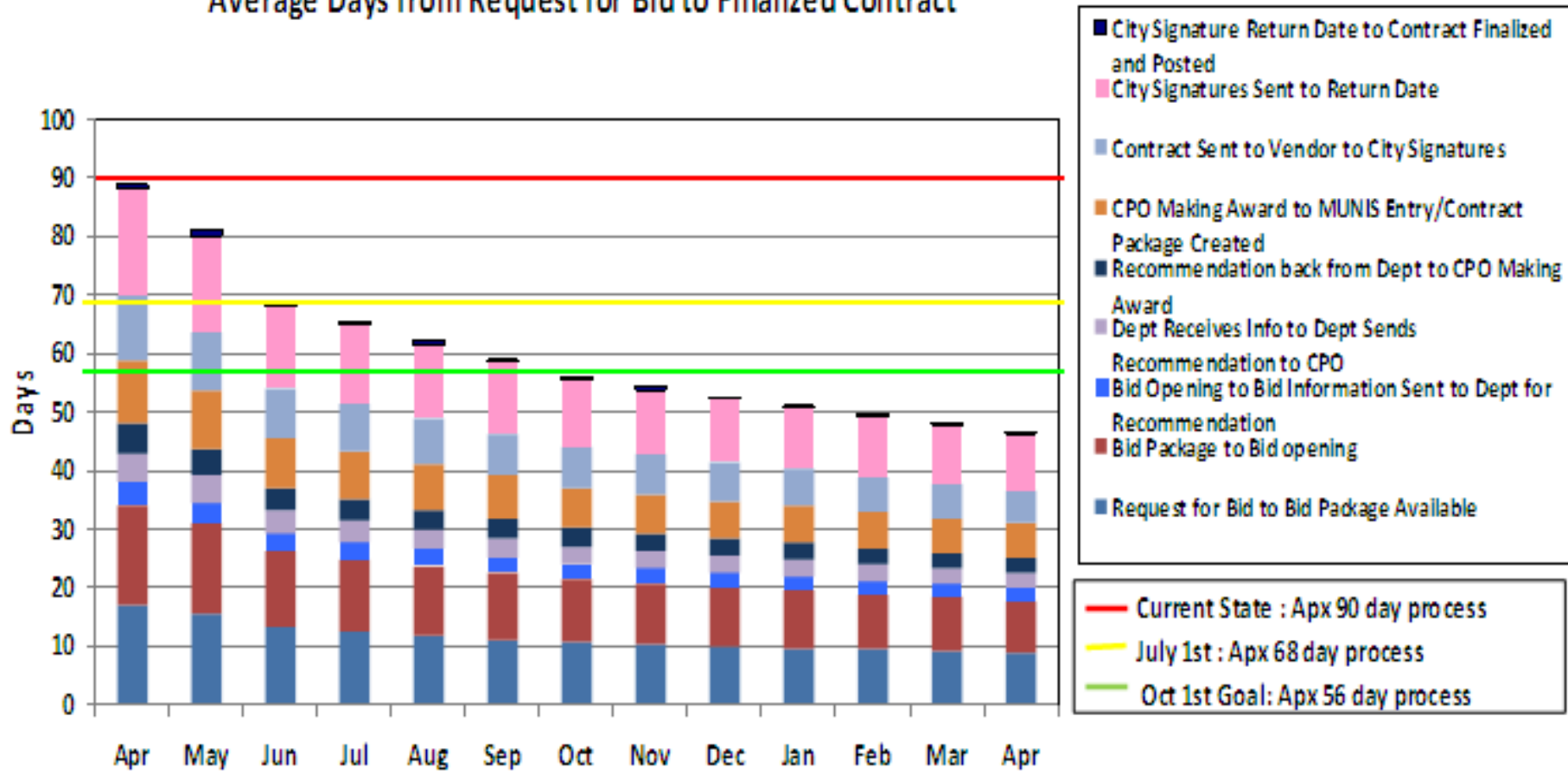


Source: *Trying Hard Is Not Good Enough*, Mark Friedman, Trafford Publishing, 2005

An example Metric - Visual Controls


MWM for a Purchasing process


Average Days from Request for Bid to Finalized Contract



Large, in color, tabulated and prominently posted monthly in the Office of Procurement, and on the City web site.

LEAN Government Center



Quality and Productivity Improvement Center



Implementing & Sustaining Government Lean Initiatives to Increase Capacity and Service, while Reducing Costs.

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Home Page



QPIC, LLC LEAN Government Center is the premier resource center for LEAN Government and a globally based consulting organization that focuses on LEAN, Six Sigma, Change Management (ACE), Business Metrics (MWM – Measure What Matters), Supply Chain Management, and Executive Coaching. Our client base has spanned LEAN Government, Manufacturing, Healthcare, and non-profit organizations for over 25 years. We are one of the foremost groups consulting on LEAN Government. Our approach is unique in that we start with the top management team and ensure the necessary cultural changes are instituted for LEAN Government to be successful and sustainable.

LEAN Government focuses on what are the key processes in all departments/agencies, what services are they delivering, and how much of what is being done is value-added (what the taxpayer truly needs and is willing to pay for) vs. non-value added. It's not unusual to find improvement opportunities on the order of magnitude of 50%+ when LEAN

We focus on delivering sustainable results. We do this by educating people about LEAN Government concepts so they understand the benefits to themselves and their organization. This understanding helps them take ownership of the transformation. When there is ownership of the LEAN Government transformation, the entire organization can improve by driving performance towards an ideal state and increase employee acceptance of change.

LEAN has evolved over the years, mainly fostered by the work of Toyota and the Toyota Production System (TPS). With the advent of the 2008-2009 financial crisis, the opportunity and demand for LEAN Government to help close budget gaps has exploded.

The Case for LEAN Government:

- LEAN Government Increases internal capacity to do more, without adding people.
- LEAN Government Reduces the costs of Government services (via attrition).
- LEAN Government Increases customer (taxpayers, etc.) satisfaction.
- LEAN Government Substantially shrinks the time to get things done.
- LEAN Government Provides a means to fundamentally rethink what is done and how it is done.
- LEAN Government Applies a more enhanced systems thinking approach.
- LEAN Government Can be implemented and sustained with smaller cost than alternative approaches.
- LEAN Government Easily yields returns-on-investment (ROI) of 20X+.
- LEAN Government Doesn't depend on costly IT solutions.

It is clear that continuing the old paradigm of only cutting positions and across-the-board spending reductions will not be successful. Too many previous short sighted strategies have now created dire financial consequences for most Government sectors that must be addressed with a high sense of urgency. LEAN Government is a major means to address the financial crisis and close budget gaps.

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