A Leader's Guide to Creating Operational Excellence

MoreSteam com®

February 24, 2016

# Webcast Sponsor: MoreSteam.com

- Trained 508,000+ Lean Six Sigma professionals

- Served over 2,000 corporate customers (including 50+% of the F500)

- Courses reviewed and approved by ASQ and PMI

- Academic Partnerships with Ohio State University, Notre Dame, Cal Poly and George Washington University

Select Customers:

Today's Program

- Welcome

- Introduction of MBB Webcast Series
  - Ellen Milnes

- "A Leader's Guide to Creating Operational Excellence"
  - Sandy Furterer

- Open Discussion and Questions

MoreSteam.com ®

3

© MoreSteam.com 2016
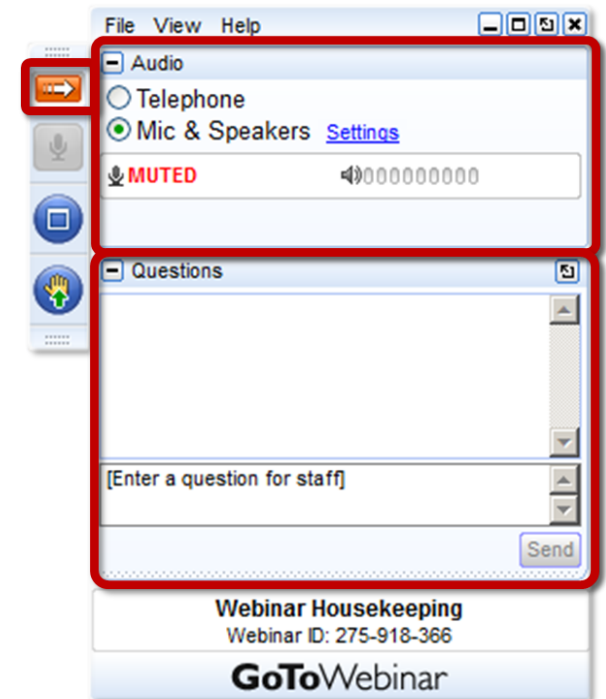
About Our Presenter

Sandy Furterer

Vice President, Park National Bank

MoreSteam.com ®

A Leader's Guide to Creating Operational Excellence

Sponsorship

Governance

Strategic Alignment

Sandy L. Furterer, PhD, MBA

ASQ Certified Six Sigma Black Belt, ASQ Certified Quality Engineer, ASQ Fellow,

Harrington Institute Master Black Belt

VP Process Transformation, Park National Bank

MSQA Program Faculty, Kennesaw State University

February 24, 2016

Table of Contents

▶ Presentation Objectives

▶ Literature Review

▶ Six Sigma Leadership Framework (S-SLF) Framework, with Case Study Examples

▶ Process Change Model and Tools

▶ Conclusions

▶ Future Research

Presentation Objectives

Presentation Objectives

▶ Assess current literature and practice to understand recommended practices and principles that are applied to Lean Six Sigma leadership for operational excellence.

▶ Describe the Six Sigma Leadership Framework (S-SLF) to provide a framework that guides leadership practice for successful Lean Six Sigma programs.

▶ Demonstrate case study examples of effective leadership and strategic alignment in LSS programs.

▶ Identify future focus areas for the S-SLF.

8

Literature Review

Literature Review

- ▶ Performed literature review
  - ▪ Academic research-oriented literature
  - ▪ Applied journals

Key Research Findings for Six Sigma Leadership

Key Success Factors

1. Executive sponsorship = Top management commitment

2. Program governance = Need for Six Sigma infrastructure

3. Strategic alignment = Selection and prioritization of Six Sigma projects

Key Research Findings: Executive Sponsorship

- Consensus for need for top management commitment

- Project champion role

- Senior management needs to demonstrate Six Sigma is the engine of the organization's business transformation strategy

- Top management needs to create infrastructure

- Top management needs to provide strategic alignment between project goals and business needs

Key Research Findings: Executive Sponsorship – Champion Role

1

▶ Develop implementation strategy

▶ Accountable for program success

▶ Obtain, select and allocate resources

▶ Empower and hold people accountable

▶ Regular review of projects

Key Research Findings: Program Governance

- Belt structure based on training, experience and knowledge

- Promotion and rewards for success; fast track high performers

- Training:

  - Levels of training: Black Belt, Green Belt, Yellow Belt, Champion

  - DMAIC method

  - Tools

  - Experiential – project based

- D-M-A-I-C methodology and tools

- Six Sigma Network

- Project-based implementation

- Process for measuring results

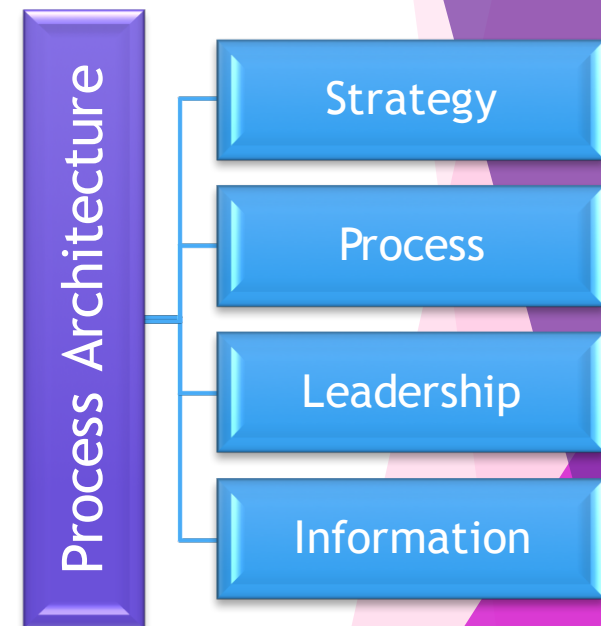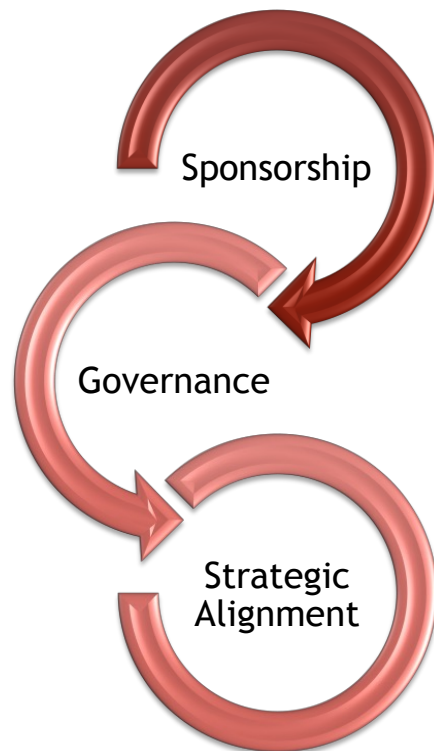# Key Research Findings: Strategic Alignment

3

- ▶ Organization should be clear on expectations of Six Sigma program, how fits with current structure and strategy

- ▶ Projects selected need to be aligned with business needs, and have significant impact

- ▶ Project charter helps with getting alignment in defining objectives; project champion should have input

- ▶ Monetary justification

- ▶ Balanced Scorecard (BS) can be used to align Six Sigma activities against BS targets (align metrics with strategy)

- ▶ Business goals, department goals and personal objectives should be aligned

- ▶ Six Sigma competencies aligned with IT at the core

- ▶ Focus on customer satisfaction and business improvement

- ▶ Strategic roadmap used to create operating model

- ▶ Strategic competencies that give competitive advantage and value

Six Sigma Leadership Framework (S-SLF)

Six Sigma Leadership Framework: S-SLF

Sponsorship

Governance

Strategic Alignment

Supports

Process Architecture

Strategy

Process

Leadership

Information

Six Sigma Leadership Framework: S-SLF Sponsorship

▶ Executive Sponsor Role

▶ Communication of consistent message

▶ Cultural alignment

Six Sigma Leadership Framework: S-SLF
Sponsorship - Role

1

- ▶ Executive Sponsor Role
  - ▪ Ensure strategic alignment
  - ▪ Obtain and select resources
  - ▪ Remove barriers
  - ▪ Reward, celebrate
  - ▪ Communicate consistent message
  - ▪ Ensure cultural alignment
  - ▪ Define infrastructure and governance

Six Sigma Leadership Framework: S-SLF ①
Sponsorship - Role
Process Council- Actively meet on a monthly or quarterly basis to:

Example

▶ Select process improvement key priority initiatives for cross LOB, departmental processes

▶ Align process improvement initiatives with business & technology strategy

▶ Designate Champions / End Process Owners for entire organization including key strategic process improvement initiatives

▶ Solve project issues, resources and communicate organization and role changes to support process improvement initiatives with centers of excellence

▶ Communicate, recognize and celebrate continuous process improvement initiatives implemented by Champions, Process Owners, Project teams

▶ Leverage best practices sharing & implementation across similar LOB's processes and improvements

▶ Review status of cross functional process initiatives

▶ Review and set process improvement goals associated with process and business scorecard reviews

▶ Support and encourage a culture of continuous process improvement, ensuring alignment with our existing culture

▶ Update the Leadership Group quarterly of the status of Process Transformation projects, improvements and scorecards/process metrics.

20

Six Sigma Leadership Framework: S-SLF 1
Sponsorship - Communication of consistent message

Example

Process Transformation will help make processes:

Simpler, Faster, and More Valuable

Simpler = Less steps, less complexity, easier to perform, less waste and cost

Faster = More timely to meet customers' expectations

Valuable = Meeting customers' requirements at low cost and high service

21

Example

▶ Communication of consistent message

- Elevator speech

  o Who are we?

  o What we are going to do?

  o Why must we do it?

  o What will the results be?

  o What do we need from you?

Six Sigma Leadership Framework: S-SLF
Sponsorship – Cultural Alignment

From Traditional Thinking	To CI Principles & Thinking
Problem-driven	Customer-driven
Reacting to dissatisfaction	Preventing dissatisfaction
Results at any cost oriented thinking	Cross-functional, process oriented thinking & discipline
Used to waste and rework	Eliminate waste to improve processes & throughput
Fixing blame	Fixing the problems
People management	System management, reducing variation, process measurement
Reward fire-fighting & crisis management	Reward team effort and improvement
Measure cost and productivity	Measure throughput, customer satisfaction, processes, quality
Authoritative	Empowerment, accountability

23

Six Sigma Leadership Framework: S-SLF
Sponsorship – Cultural Alignment

1

Example

Example: How do the principles of Six Sigma and Continuous Improvement align with our Service Excellence Standards?

Service Excellence Standards	To PT Principles
1. We participate in a daily meeting to discuss a service standard.	1. Customer-driven
2. We embrace our service vision.	2. Preventing dissatisfaction
3. We promote our guiding principles.	3. Cross-functional, process oriented thinking & discipline
4. We have a culture that supports our Promise to Associates.	4. Eliminate waste to improve processes & throughput
5. We treat all customers, prospects and associates with mutual respect and understanding. Every service encounter becomes our opportunity and responsibility to work together. We take immediate action, create a plan and provide updates throughout the process. We respond to all communication by the end of the business day.	5. Fixing the problems
	6. System management, reducing variation, process measurement
6. We take pride and care to ensure our personal appearance and work areas are neat and professional.	7. Reward team effort and improvement
7. We provide a positive experience for every customer by following these 10 essential elements of customer engagement during in-person interactions.	8. Measure throughput, customer satisfaction, processes, quality
8. We have, at a minimum, a basic understanding of our products and services.	9. Empowerment, accountability

24

Six Sigma Leadership Framework: S-SLF
Sponsorship - Cultural Alignment

1

Example: How do the principles of Six Sigma and Continuous Improvement align with our Service Excellence Standards?

Service Excellence Standards
9. We answer the telephone within 3 rings, provide our names and departments and offer to help. We return calls as soon as possible, and always before the end of the day.
10 We own each problem we encounter: acknowledge the problem immediately, inform the customer of our plan, provide updates throughout the process and facilitate an acceptable solution.
11. We are accountable for creating and achieving individual and department goals that support our corporate goals and strategic plan.
12. We are ambassadors in and outside the workplace. As ambassadors, we act with integrity to enhance and protect the reputation of the bank.
13. We actively seek and share information about our bank, our communities and our industry.
14. We are proud of what we do and who we represent. We volunteer our time and talents in our communities.
15. We protect the assets of our bank by using our resources wisely.

To PT Principles
1. Customer-driven
2. Preventing dissatisfaction
3. Cross-functional, process oriented thinking & discipline
4. Eliminate waste to improve processes & throughput
5. Fixing the problems
6. System management, reducing variation, process measurement
7. Reward team effort and improvement
8. Measure throughput, customer satisfaction, processes, quality
9. Empowerment, accountability

25

Six Sigma Leadership Framework: S-SLF Governance ②
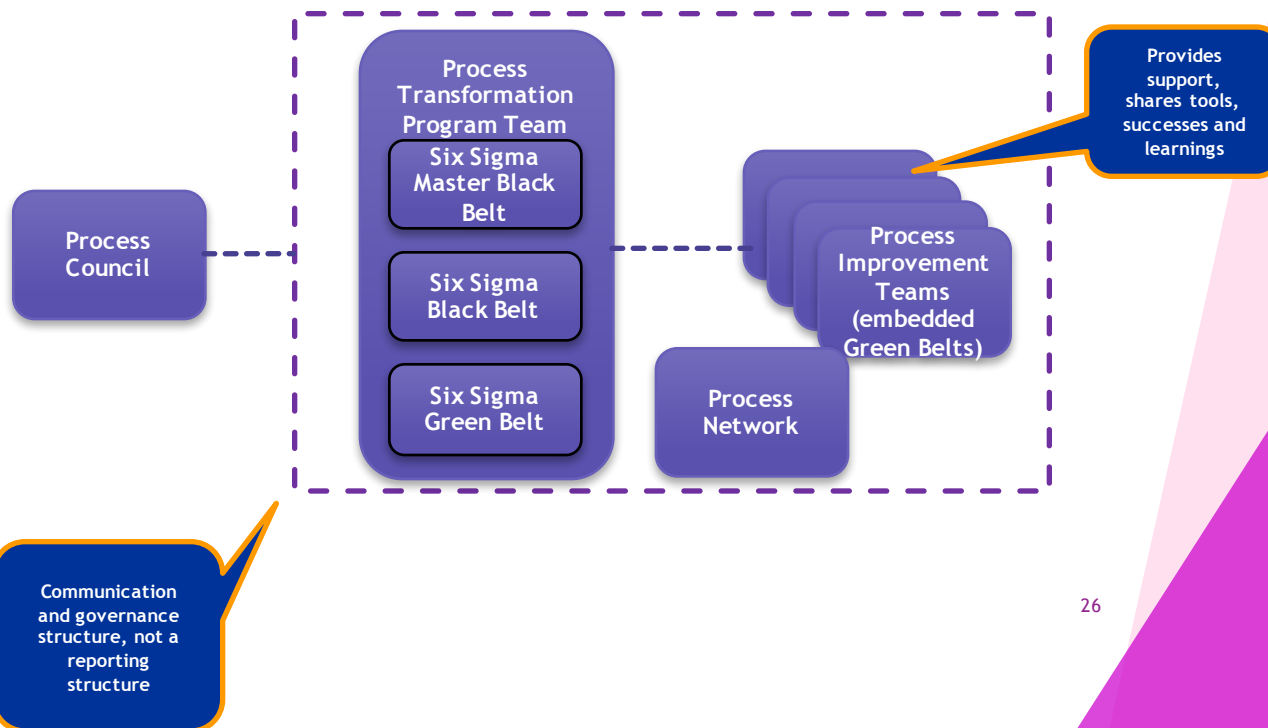
Process Council:

- Identify and prioritize process transformation (PT) strategy and initiatives
- Monitor PT projects' status, reporting and progress
- Reinforce a culture of continuous improvement

Process Improvement Teams:

- Design and implement improvements
- Measure and monitor on-going process metrics and improvements
- In the future, certified Six Sigma Green Belts (process owners) will be embedded in the teams

Process Council

Process Transformation Program Team
- Six Sigma Master Black Belt
- Six Sigma Black Belt
- Six Sigma Green Belt

Process Network

Process Improvement Teams (embedded Green Belts)

Provides support, shares tools, successes and learnings

Communication and governance structure, not a reporting structure

Sponsorship

Governance

Strategic Alignment

26

Six Sigma Leadership Framework: S-SLF Governance

Example

Process Improvement Initiative	Performance				
	Service	**Timeliness**	**Quality**	**Cost**	**Revenue**
Cash Management Product Setup	✓	✓	✓	✓	✓
Mortgage Loan Origination	✓	✓	✓	✓	✓
Trust New Account Opening	✓	✓	✓	✓	✓
Commercial Loan Origination	✓	✓	✓	✓	✓
Technology Projects with a Process Focus					
Contact Management / CRM	✓	✓	✓	✓	✓
Deposit Account Opening	✓	✓	✓	✓	✓

Sponsorship

Governance

Strategic Alignment

Six Sigma Leadership Framework: S-SLF
Strategic Alignment

▶ Process Architecture

   ▪ Provides repository of enterprise through defined conceptual meta models
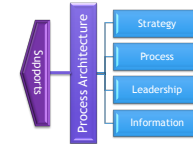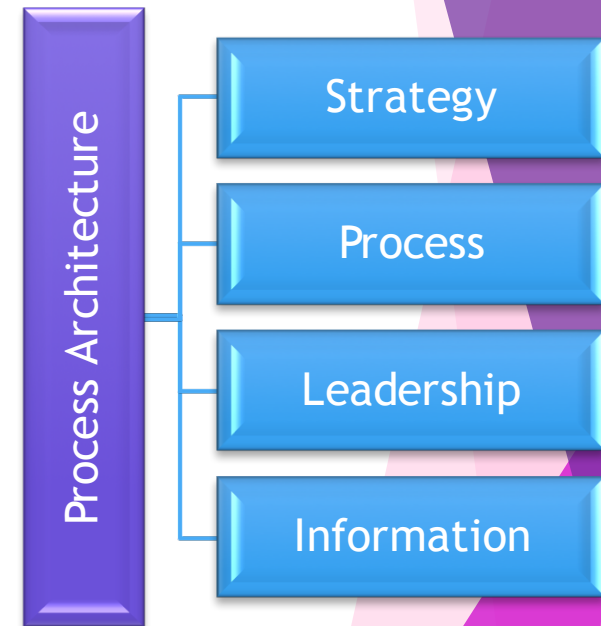
      o Strategies

      o Processes

      o Leadership

      o Information

3

Supports

Process Architecture

Strategy

Process

Leadership

Information

Six Sigma Leadership Framework: S-SLF
Strategic Alignment

Process Architecture

Strategy Model

Mission → Vision

Culture → Mission, Vision

Strategies

Tactics

Goals

Objectives

Policies → Influencers ← Assessment (SWOT)

Strategy
Process
Leadership
Information

Process Architecture

Supports

3
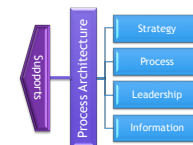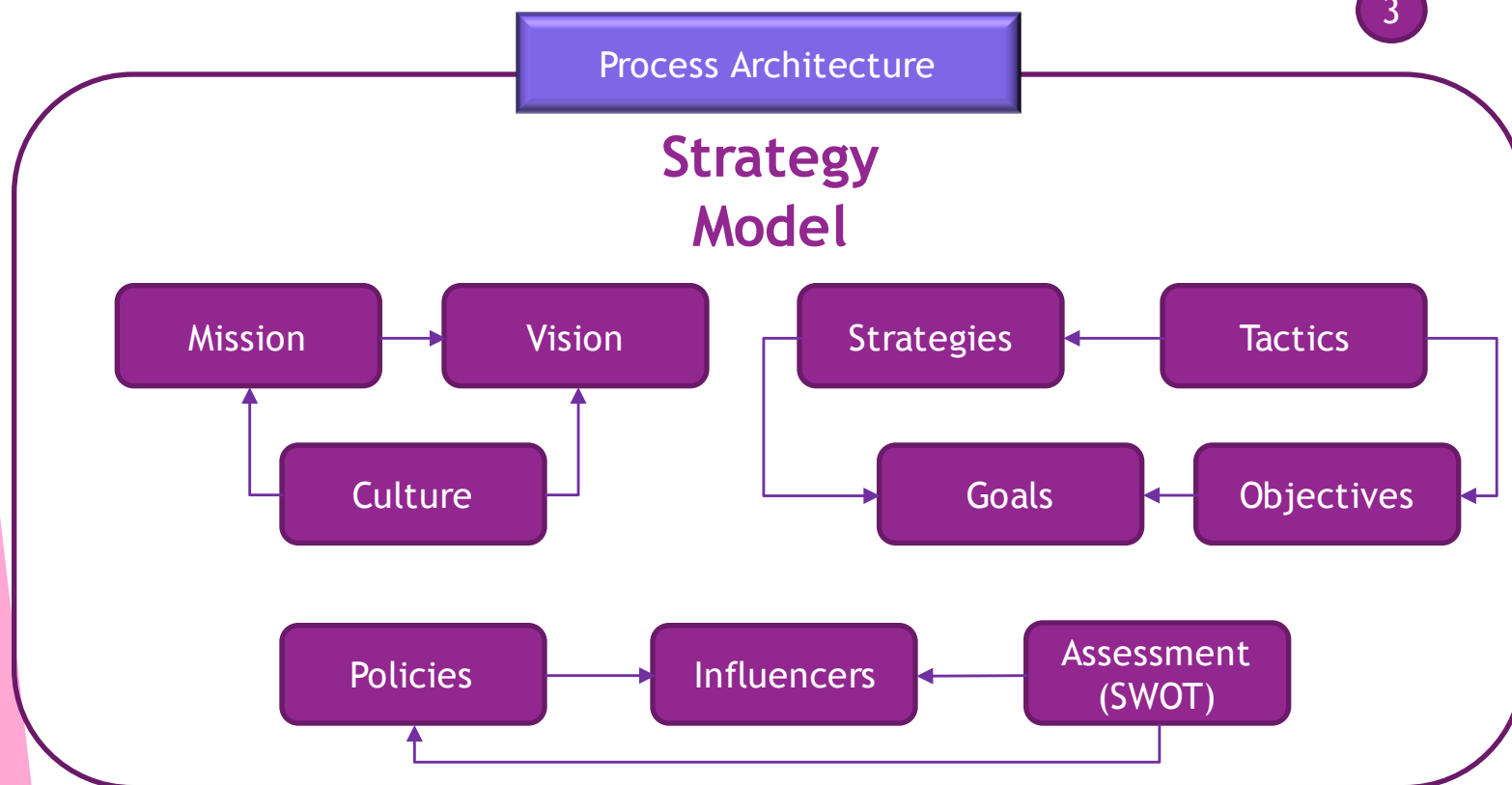
Six Sigma Leadership Framework: S-SLF
Strategic Alignment
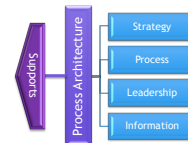
3

Process Architecture

Process Model

Value Chains ← Process Maps

Metrics → Process Maps

Leadership Model

Workforce → Leadership

Workforce → Organization

Leadership → Organization

Information Model

Information ← Applications

30

Six Sigma Leadership Framework: S-SLF
Strategic Alignment – Process Architecture ③

Indirect Lending
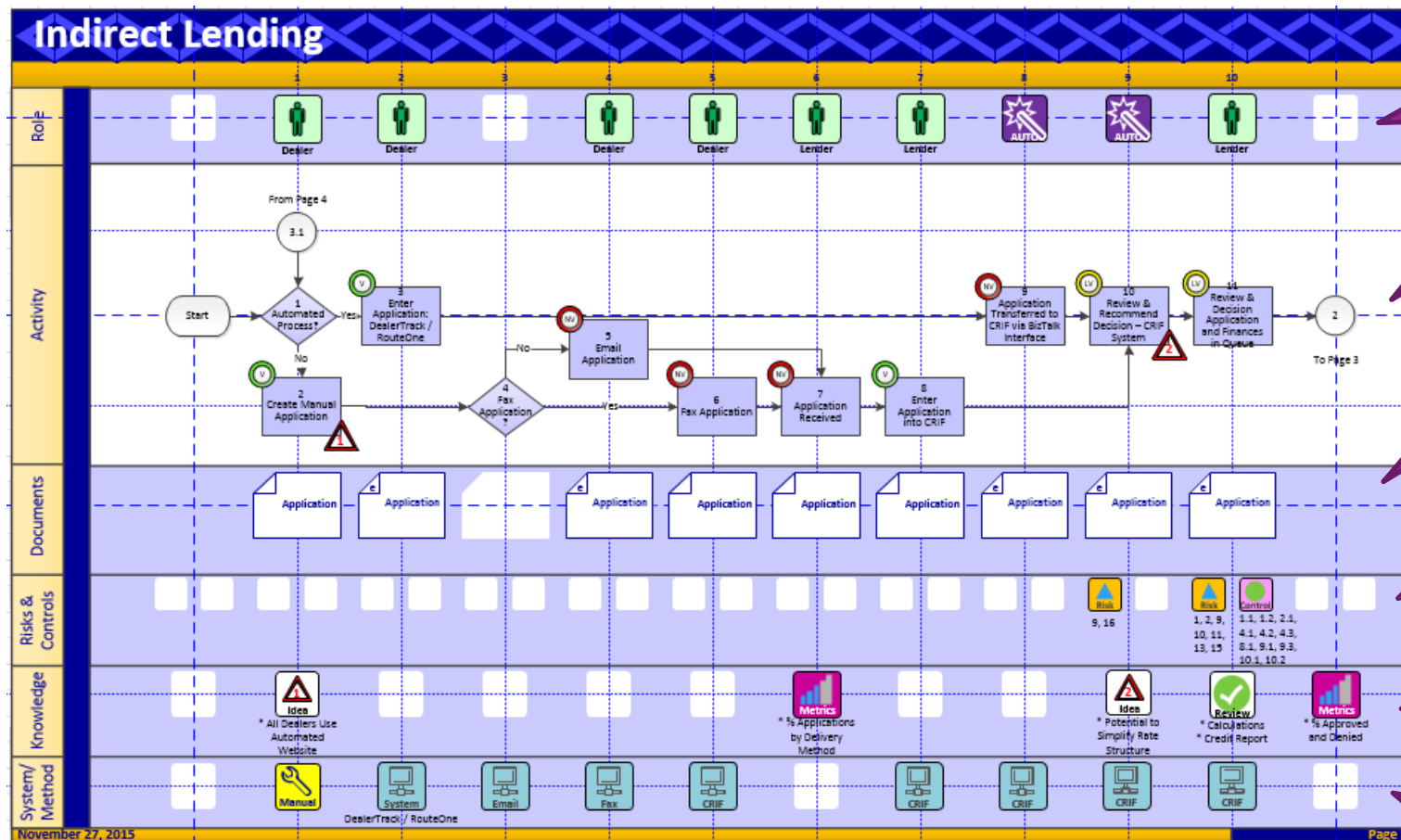
Roles

Activities & Sequence

Documents

Risk & Controls

Knowledge & Metrics

System & Methods

Six Sigma Leadership Framework: S-SLF
Strategic Alignment – Project Prioritization

Enterprise Level

Objectives / Tactics

Tactics / PI Projects

PI Projects / Processes

Operational Level

Value Chains / Functions

Functions / Processes

Processes / Activities

Performance Level

Processes / CTS'

CTS' / Metrics

Metrics / Results
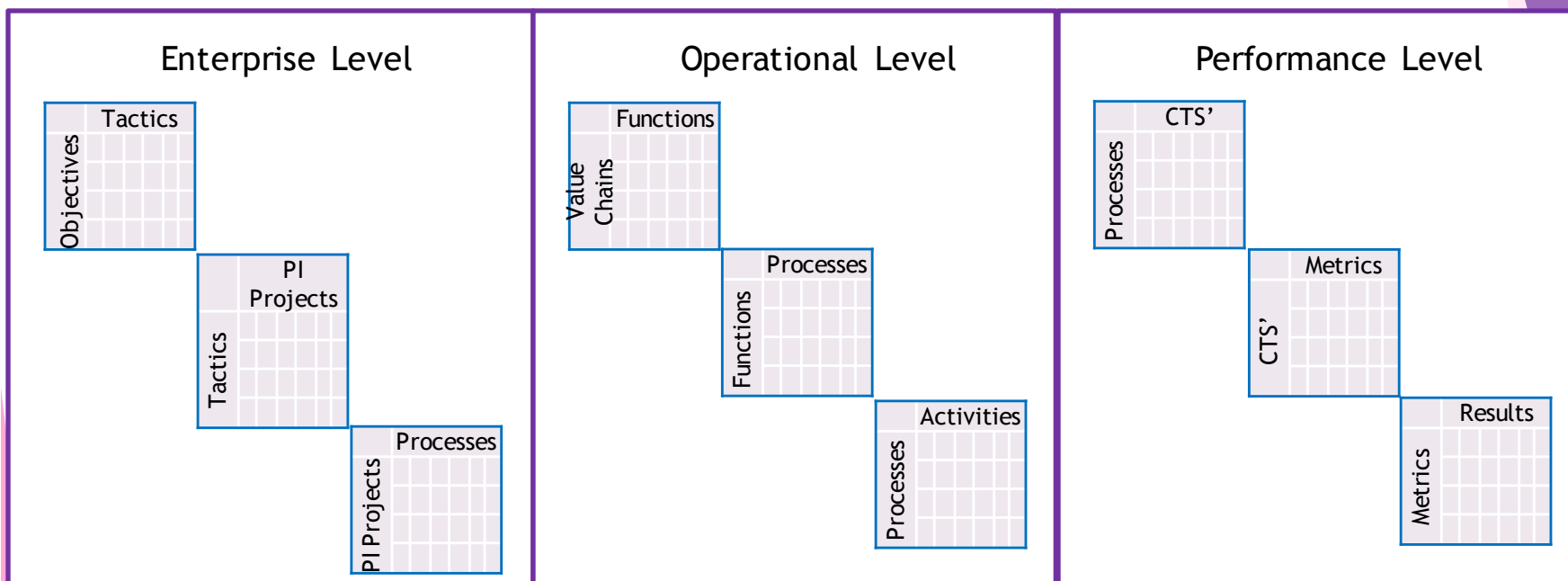
Conclusions

Conclusions

S-SLF Framework:

- ▶ Supports the key drivers identified in the literature
- ▶ Keeps the organization focused on what is important to make the Six Sigma program successful
- ▶ Maintains consistent messaging and communication
- ▶ Ensures cultural alignments and movement towards the continuous improvement principles
- ▶ Provides visibility to results and success
- ▶ Enables rewards and celebration

Future Focus

Future Focus

▶ S-SLF Framework

  ▶ Refine the Six Sigma Leadership Framework

  ▶ Apply strategic alignment to multiple organizations

  ▶ Assess organizational values, cultural impact and alignment

  ▶ Assess impact of alternative governance models

  ▶ Application of the process architecture to process and quality management, and multiple organizational settings

Questions

References

1. Barry, Eoin, SIX SIGMA - SO WHAT, WHO CARES, WHY ME?, Engineers Journal, Volume 62: Issue 5, June 2008.

2. Catherwood, P., Champions of the Cause, IEE, Manufacturing Engineer, October/ November 2005, PP 40 – 43.

3. Goh, T.N., Six Sigma in Industry: Some Observations After 25 Years, Quality and Reliability Engineering International, 2011, 27, PP 221-227.

4. Sloan, Kelly, The Path to a Sustainable Playbook, Industrial Engineer, April 2001, PP 42-46.

5. Brady, James E., and Allen, Theodore, T., Six Sigma Literature: A Review and Agenda for Future Research, Quality and Reliability Engineering International, 2006, 22: 335-367.

6. Montgomery, Doug, Lean Six Sigma and Quality Management, Editorial, Quality and Reliability Engineering International; 2013, 29: page 935.

7. Hahn, G.J., Six Sigma: 20 Key Lessons Quality and Reliability Engineering International, 2005; 21:225–233

Visit us at MoreSteam.com

Thank you for joining us

Sandy Furterer, Vice President Process Transformation
Park National Bank
sfurterer@parknationalbank.com

Ellen Milnes, Director of Marketing – MoreSteam.com
emilnes@moresteam.com

Join us next month – Thursday, March 24th:
"Building the Infrastructure to Make Training Stick"
Marti Beltz, PhD., MBB

Archived presentations and other materials: http://www.moresteam.com/presentations/

© MoreSteam.com 2016