



Performance  
Begins Here



# CQI Learning Lunch

# Continuous Improvement Paradigms & Principles

Host - Dennis Sergent @ 517-285-5500

January 6th, 2012

CQI Preview - 9:00 AM to 10:00 AM – Dial-In

Learning Lunch - 10:30 AM to 2:00 PM – In Person

*University Club of Michigan State*

*3435 Forest Road, Lansing, MI 48909*

*517-353-5111*



# 2012 CQI Programs



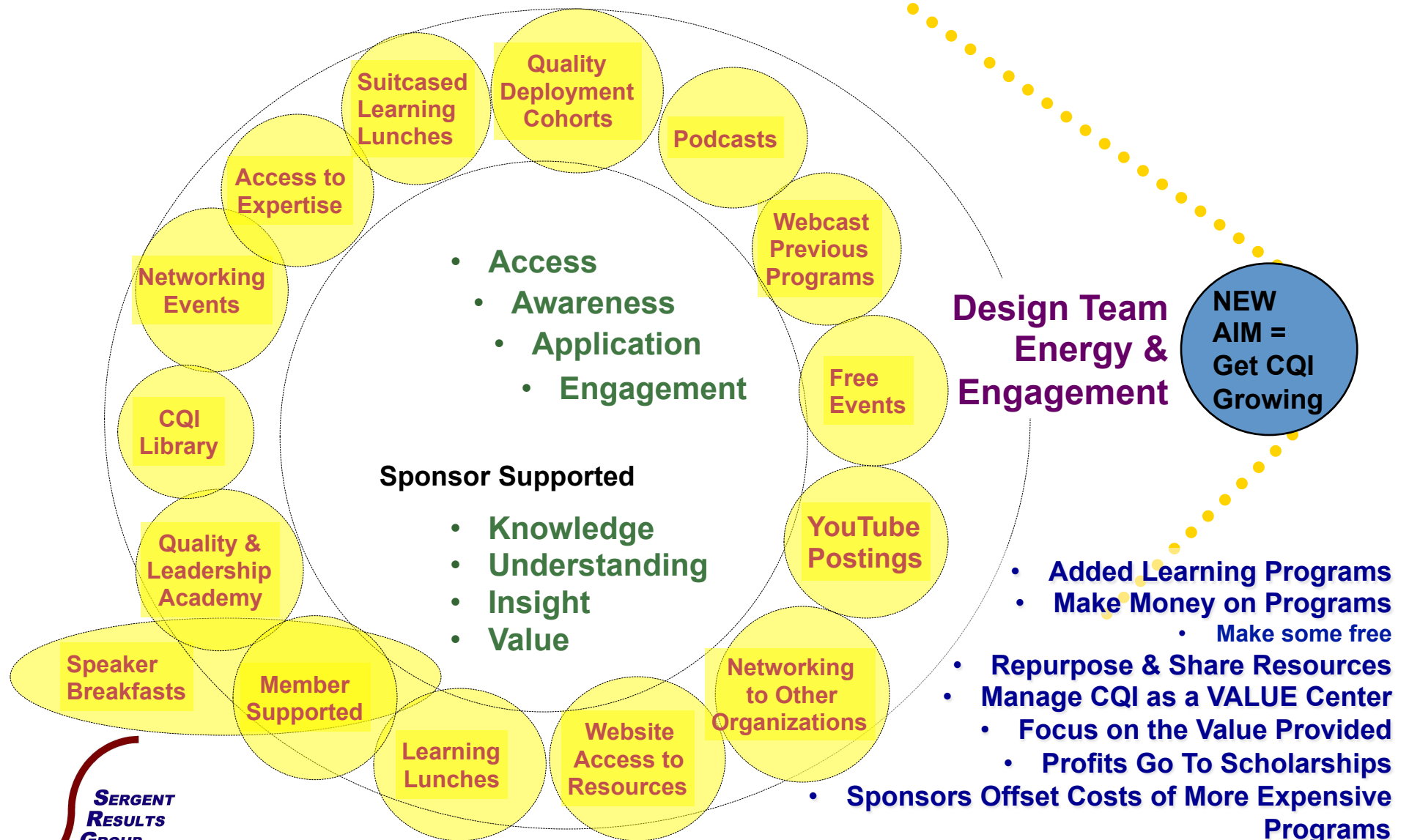
Performance Begins Here

- **Jan 6 - Learning Lunch**
  - Continuous Improvement Paradigms & Principles
- **Jan 30 - Learning Lunch**
  - Innovation through Accelerated Learning and Quality
- **FEBRUARY 7 – BREAKFAST PROGRAM**
  - Ian Bradbury – Design & Control of Quality
- **Feb 21 - Learning Lunch**
  - Six Thinking Hats
- **MARCH 14 - BREAKFAST PROGRAM & SEMINAR**
  - Joe Raelin – The Leaderful Organization & Why It Matters
- **Apr 5 - Learning Lunch**
  - Multi-Cultural & Virtual Teams
- **Apr 27 - Learning Lunch**
  - Appreciative Inquiry
- **May 7 - Learning Lunch**
  - Idealized Design
- **May 16 - BREAKFAST PROGRAM**
  - Lisa Toenniges – Get the People Performance You Need: Six Questions to Ask
- **May 28 - Learning Lunch**
  - Continuous Investment
- **Jun 19 - Learning Lunch**
  - Why Best Efforts Are Not Enough
- **QUALITY, INNOVATION & LEADERSHIP ACADEMY – TBD**
- **Jul 10 - Learning Lunch**
  - Treating Human Error as an Effect, Not Cause
- **Aug 1 - Learning Lunch**
  - Performance Analysis and Root Causes
- **Aug 23 - Learning Lunch**
  - Cultural Influences on Change
- **Sep 14 - Learning Lunch**
  - Organizational Development
- **THIRD QUARTER BREAKFAST PROGRAM & SEMINAR**
  - Speaker To Be Determined
- **Oct 8 - Learning Lunch**
  - Leadership versus Management
- **Oct 23 - Learning Lunch**
  - Balancing Actions & Thinking
- **Nov 13 - Learning Lunch**
  - Having Difficult Conversations - Principles and Tools
- **Dec 6 - Learning Lunch**
  - Brainstorming
- **FOURTH QUARTER BREAKFAST PROGRAM – Date TBD**
  - Speaker To Be Determined
- **SECOND HALF QUALITY DEPLOYMENT COHORT – TBD**
- **CQI PREVIEWS @ 9:00 AM – Every Learning Lunch Morning**





# New CQI Model



- Higher Quality - Lower Costs - Better Workplaces -



# Today's Process



- **A Short Review**
  - **Current State of Continuous Improvement**
  - **There are Synergies of Quality Perspectives**
    - **Argyris**
      - Double Loop Learning
      - Ladder of Inference and Left Hand Column Tool
      - Understanding Organizational Defenses
    - **Deming**
      - System of Profound Knowledge (SoPK)
      - Fourteen Points For Managers
      - PDSA/PDCA
  - **Research & Writings**
  - **Your Dialogue & Considerations**
- **Table Discussions**
  - **What adds value to you and your organization?**
  - **What are the positive attributes you can use?**
  - **What are the differences which influence your thinking?**



*- Higher Quality - Lower Costs - Better Workplaces -*

# Current State of Continuous Improvement



- **Changing Competitive Environment**
  - Constant, Unrelenting Change
  - Lack of Direction, Constant Purpose and Feedback In the System
  - Lack of Staff / Budget / Time To Manage It All
- **Changed Operational & Technical Environment**
  - Succession Plans
  - Contingency Plans
  - Lack of Perspective About Performance In Organizations
    - New Skills and Tools
- **Project Performance (or Lack of Performance)**
  - Not On Time, Under Budget, Not At Desired Quality
  - Misalignment of Rewards
  - Less Than Adequate Learning
  - Mistaken Belief That All Performance is an “Employee Issue”, not a “System” Issue
- **Trapped Capacity**
  - Not Accomplishing Mission and Objectives
    - Billions Spent For Projects Which Do Not Deliver
  - Stress On The Team
- **Knowledge Without Action**
  - Flavor of The Week
  - Lack of Alignment, Adaptation & Engagement
  - Lack of “Right” Measurements (Balanced Scorecard)
  - Managerial Malpractice
  - Organizational Defenses
  - Environment of Fear Instead of Learning, Trust & Knowledge



# Knowledge Without Action



- **Lack of Alignment, Adaptation & Engagement**
  - Action Does Not Match Stated Beliefs, Values and Attitudes
  - E.g., Virtual Time Off, Virtual Turn Over, Retired In Place, etc.
- **Lack of “Right” Measurements (Balanced Scorecard)**
  - Leadership & Management Development
  - Accuracy of Individual & System (Team) Performance
- **Managerial Malpractice**
  - Enron Type Issues, Sarbanes Oxley To Prevent
    - *What Did That Do to Prevent Current Wall Street Crisis?*
- **Organizational Defenses**
  - Skilled Incompetence (Espouse Values - Then Act Contrary to Stated Values)
  - Then Unaware That This Occurs
    - *Exactly When The Opposite Is Needed*
- **Environment of Fear or Mistrust**
  - Actions Intended To Create Understanding & Trust Do The Opposite
  - Fear of Being Embarrassed or Embarrassing Others
- **Fixing People Instead of Fixing The Problem**
  - Single Loop Learning - System Not Learning From Itself, But Blaming and Covering Up
- **Organizational Inertia**
  - “The Way We Have Always Done It Here” - Dominates
  - Faulty Inference From Data (Thus Wrong Conclusions)
- **Making Some Things Undiscussable**
  - And Upper Management Does Not Have The Knowledge It Needs, Nor Does Lower Management or Workers
- **Budget Games**
- **People Do Not Behave Reasonably, Even When In Best Interests**
  - Indecision, Procrastination, Lack of Follow Up, Regression to Old Behaviors
- **Management Teamwork Often A Myth**
  - Persistent Competition Among Team Members & Leaders

# The Opportunity (Implications)



- **Continuous Performance Improvements Can**
  - Unlock Capacity / Capabilities in Team
  - Build Agility & Flexibility
  - Increase Readiness For More Responsibility (Add To Mission)
  - Increase Readiness For Budget Cuts
- **Examples:**
  - **Xerox**
    - 42 Japanese Competitors + IBM & Kodak in Late '70s
    - Profits Declined From \$1B @ \$.25B a Quarter
    - Instituted CPI, Benchmarking, Learning in Leadership
    - Replaced Business Processes
    - Regained Marketshare, Profits, Won Baldrige Award 3 Times
  - **Caterpillar**
    - In 2000, Stuck at \$20B Revenue For Last 20 Years
    - Set Goal To Achieve \$40B by 2006
    - Implemented CPI & Leadership Learning Plus
      - Lean 6 Sigma
      - Design For Six Sigma Including Robust Engineering (Taguchi Methods)
    - Achieved \$60B in 2006



# The Value = Benefits vs. Costs



- **Over \$7 Billion In Results From Knowledge + Action**

- \$ 18 M **Saved Expense** Through Performance Analysis & Process Management
- \$ 28 M **Saved Expense** from Improved Process Control
- \$ 20 M **Saved Expense** from Performance Improvements
- \$ 31 M **Saved Expense** from Call Center Consolidations
- \$ 300 M **Saved Expense** Through Technology Trial
- \$ 296 M **Cost Reductions** Through Program Management of 28 Initiatives
  
- \$ 80 M **Growth in Revenue** from Service/ Reliability Strategy
- \$ 32 M **Growth in Revenue** from Performance Improvements
- \$ 11 M **Revenue Protected** with Reduced Expense and Higher Customer Quality
- \$ 4,000 M **Revenue Growth** with Improved Capacity (& Lowered Cost)
- 342% **Quality Improvement** through a Six-Sigma Program (with 72% Volume Increase)
- 60% **On-Time Results Improvement** (with 1.5% Cost Reduction)

**Over \$7 Billion In Value Created!**

**An Example \$ 4 Billion in New Revenue at 1.5% Lower Cost**  
Cost \$250 K and One Year Of Time w/Customer's Own Team  
--- --- You Can Do The Math!



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# Solutions To Needs



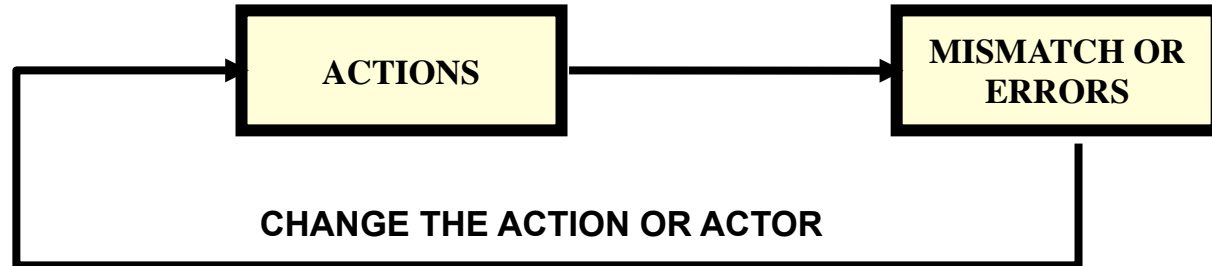
- **Continuous Performance Improvement Processes to Solve**
  - Integrated Learning, Development & Continuous Process Improvement
- **Measurements Are Key**
  - With Team Interviews & Discovery
- **Design - Insight**
  - Discussing the Undiscussable
- **Knowledge - Innovation**
  - Deliver Blended Learning Solutions For The Exact Need
- **Execution - Integration**
  - Manage CPI (Continuous Performance Improvement) Programs
  - Track The Initiatives, Progress & Results
- **Result**
  - **Reduce Cycle Time**
  - **Reduce Costs & Defects**
  - **Increase Capacity & Revenue**
  - **Increase Customer Service**
  - **Increase Teamwork**
  - **Increase Profits**



# Single Loop Learning - Double Loop Learning

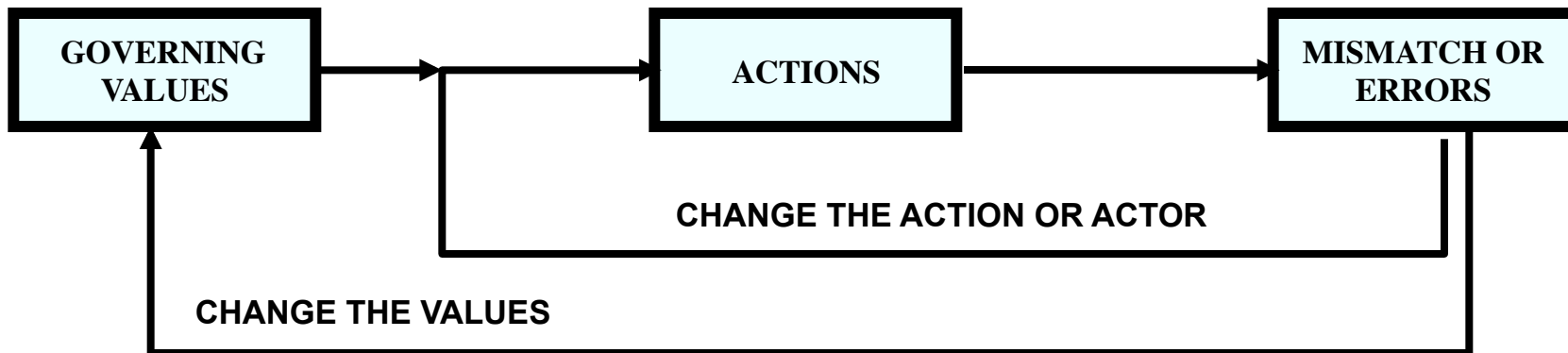


## SINGLE-LOOP LEARNING



Invalid or Incomplete Information - Ineffective Roles & Policies, Designed Errors = *Fix Blame*

## DOUBLE-LOOP LEARNING



Valid Information - informed Choices - Monitored Implementation = *Fix System*



# Ladder of Inference



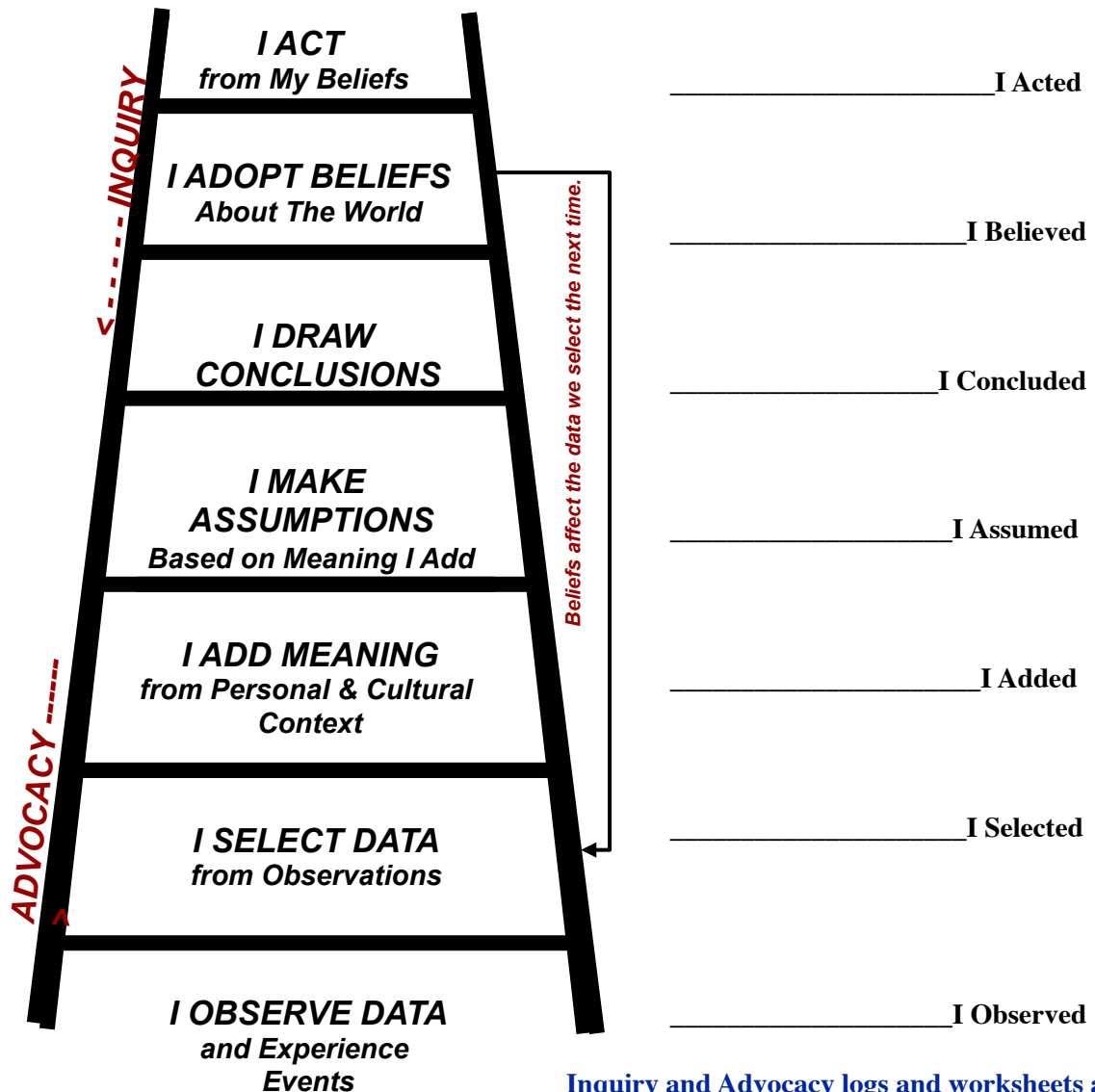
•The ladder of inference was first described in Chris Argyris' book, "*Overcoming Organizational Defenses*", and later in "*Action Science*", as well as in "*The Fifth Discipline Fieldbook*" by Peter Senge.

•The "ladder of inference" demonstrates how rapidly we can draw conclusions on our own, with little or no data to actually support the conclusions and no conscious thought about the process, as if rapidly climbing up a mental ladder and skipping a rung or two.

•We all have started first with observable data, and within the space of seconds, leap up to assumptions, then on to more generic conclusions.

•Since most of these conclusions are never discussed openly among team members, there is no way to check them in the impact on the organization or individuals within it.

•Thus, incorporating the "ladder" into everyday conversation has proven to be a pivotal component of helping a learning organization work. It gives people a safe way to raise and check their varied interpretations of events.



Inquiry and Advocacy logs and worksheets are useful supplements to "the Ladder".



# Left Handed Column



•This "left-hand column" exercise is based upon the two-column method developed by Chris Argyris and Donald A. Schon, with further use by Peter Senge, Candace Pert, Nancy Oelklaus and others.

•In the left-hand column exercise, people select a difficult situation and reconstruct a pivotal, difficult conversation. In the right-hand column, they first write down what was said. In the left column, they articulate what they were thinking and feeling, but not saying. The case becomes an artifact through which people can examine their own thinking, as well as the systemic problems which underlie the difficult conversation. It makes it possible to discuss the un-discussable thoughts which have been covered up and not communicated completely.

<i>My Thoughts and Feelings</i>	<i>What Was Said</i>

The purpose is to become more aware of what is unsaid, to think about what you are not saying and also think about how to express the issue productively.



# Deming's 14 Points For Management



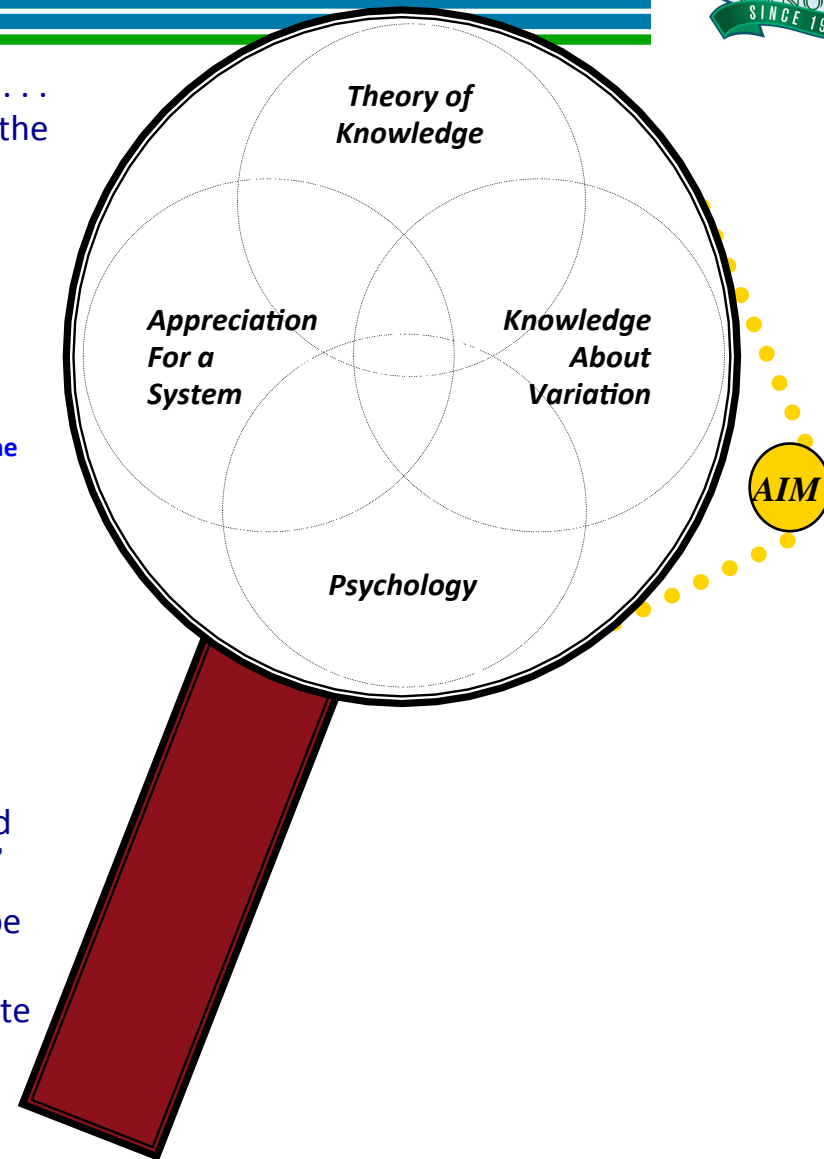
Deming's 14 points are paraphrased here:

- 1. Create constancy of purpose towards improvement.**
  - Replace short-term reaction with long-term planning and replace fad-driven management with fact-led decisions and directions.
- 2. Adopt the new philosophy.**
  - Management should walk the talk and demonstrate they respect the people and the system they manage.
- 3. Cease dependence on inspection.**
  - Managed variation eliminates the need to inspect for defects.
- 4. Move towards a single supplier for any one item.**
  - Multiple suppliers mean variation between feedstocks.
- 5. Improve constantly and forever.**
  - Constantly try to understand common cause variation and manage special cause variation. More special cause variation causes more waste.
- 6. Institute training on the job.**
  - Adequately trained staff will all work the same way, and reduce variation.
- 7. Institute leadership.**
  - Mere supervision is quota- and target-based, engage workers in the processes they work within.
- 8. Drive out fear.**
  - Long term, fear prevents workers from acting in the organization's best interests.
- 9. Break down barriers between departments.**
  - Use the 'internal customer' definition that each department serves other departments that use its output.
- 10. Eliminate slogans.**
  - It's not people who make most mistakes - it's the process or system they are working within.
- 11. Eliminate "management by objectives".**
  - Production targets encourage the delivery of poor-quality goods and services "on time" or "on budget".
- 12. Remove barriers to pride of workmanship.**
  - Management's job is to manage the system and eliminate the other problems which reduce worker engagement, satisfaction and retention.
- 13. Institute education and self-improvement.**
  - Harassing the workforce without improving the processes they use is tampering and counter-productive.
- 14. The transformation is everyone's job.**
  - "You do not have to do this. Survival is not compulsory."

# Deming's System of Profound Knowledge (SoPK)



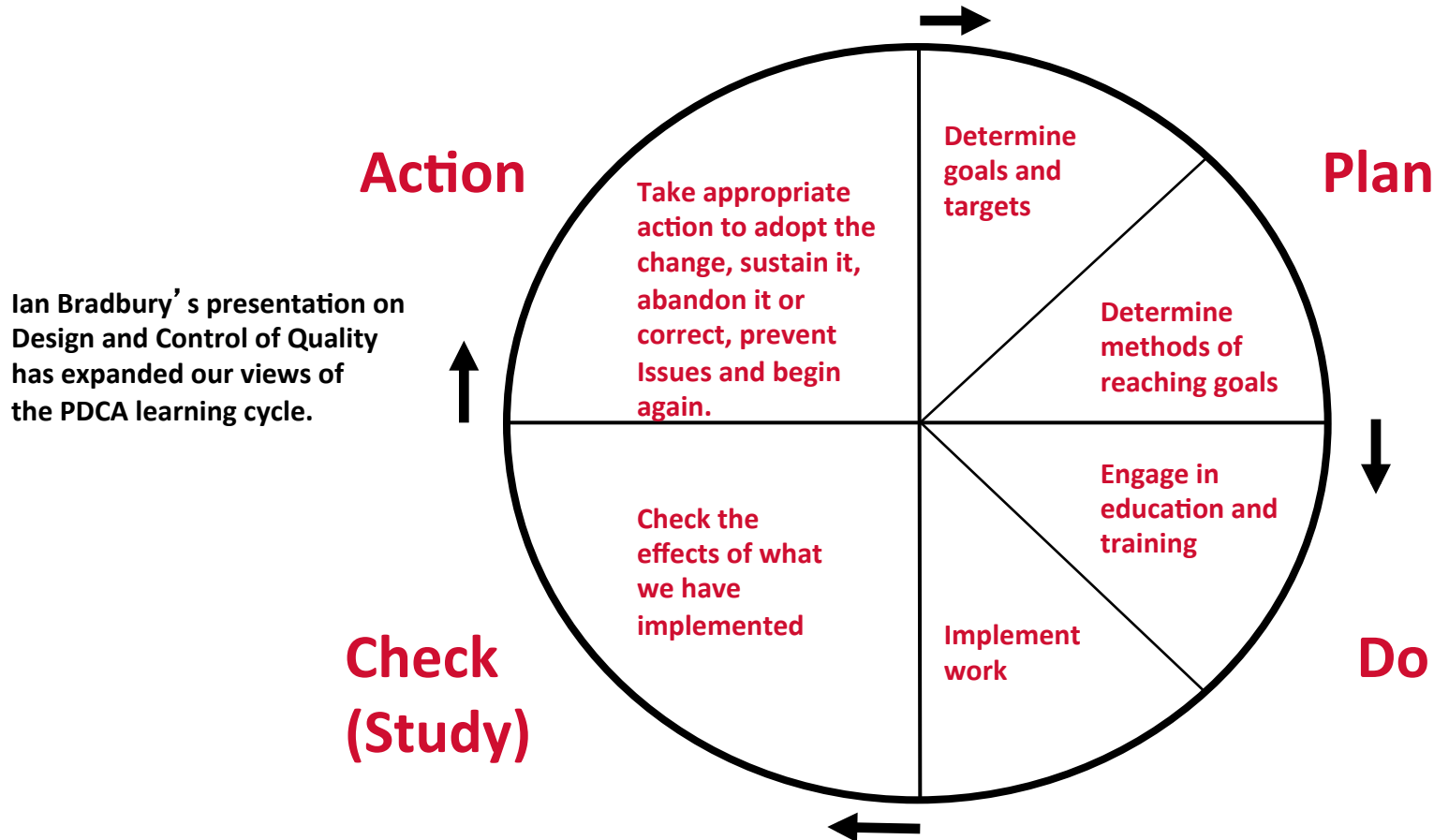
- “The aim . . . is to provide an outside view - a lens . . . provides a map of theory by which to understand the organizations that we work in”
- **Components of The Whole**
  - Theory of Knowledge
    - Knowledge is built on theory
  - Appreciation for a System
    - A system is a network of interdependent components that work together to accomplish the aim of the system
  - Knowledge About Variation
    - There will always be variation.....
  - Psychology
    - Individuals
    - Groups
    - Society
    - Change
- “One need not be eminent in any part of profound knowledge in order to understand and to apply it”
- “The various segments of the system . . . Cannot be separated. They interact with each other. For example knowledge about psychology is incomplete without knowledge of variation.”



# P-D-C-A - Proceed With Control



- We **PLAN** what we want to accomplish over a period of time and what we will do to get there.
- We **DO** something that furthers the strategies and goals developed in our plan.



We **CHECK (Study)** the results of our actions to make sure we achieve what we plan.

We **ACT** by developing procedures to ensure our plans continue to be successful and by changing what is needed to achieve the initial goals.

- Higher Quality - Lower Costs - Better Workplaces -



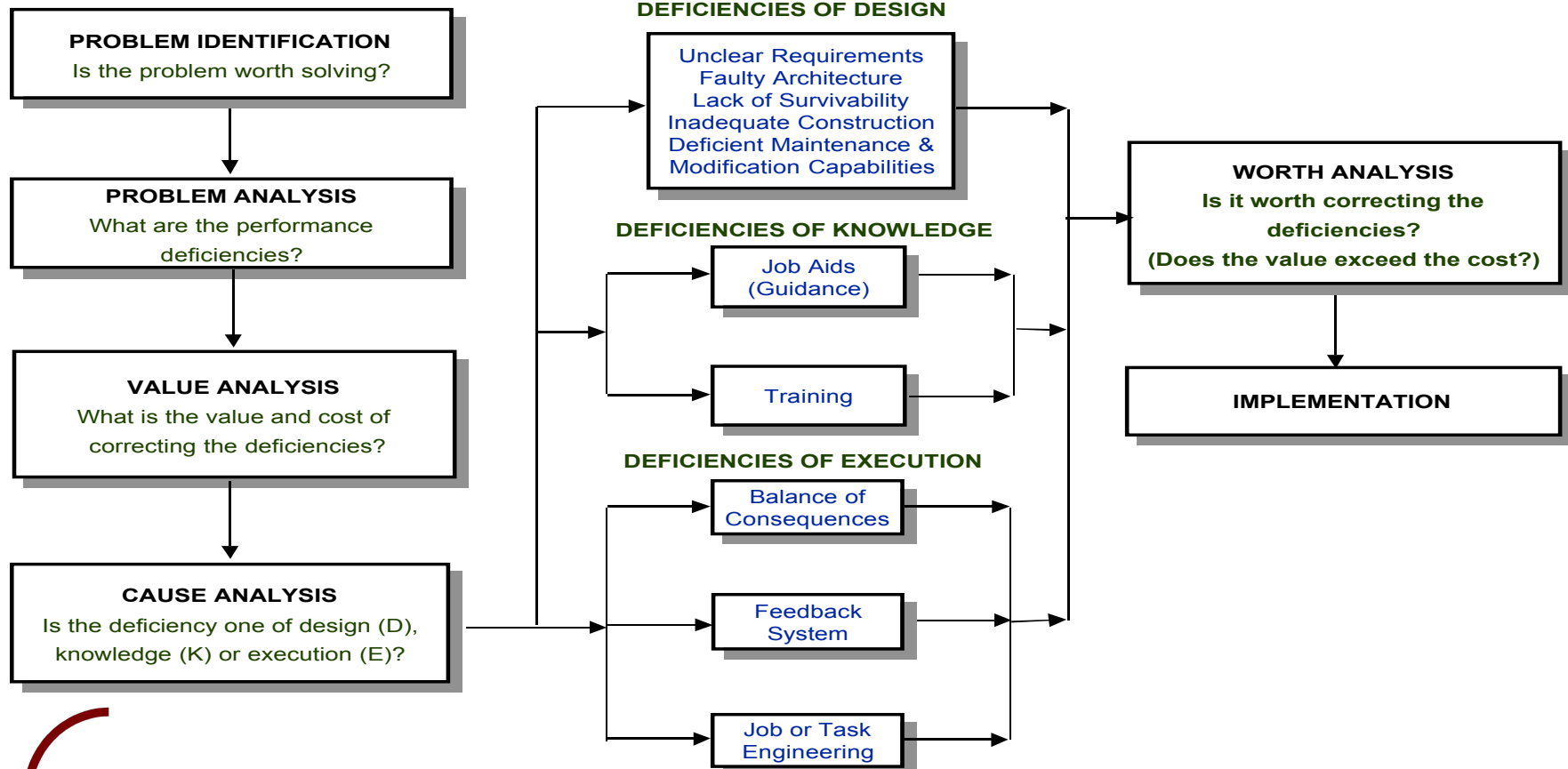
# Continuous Improvement Process



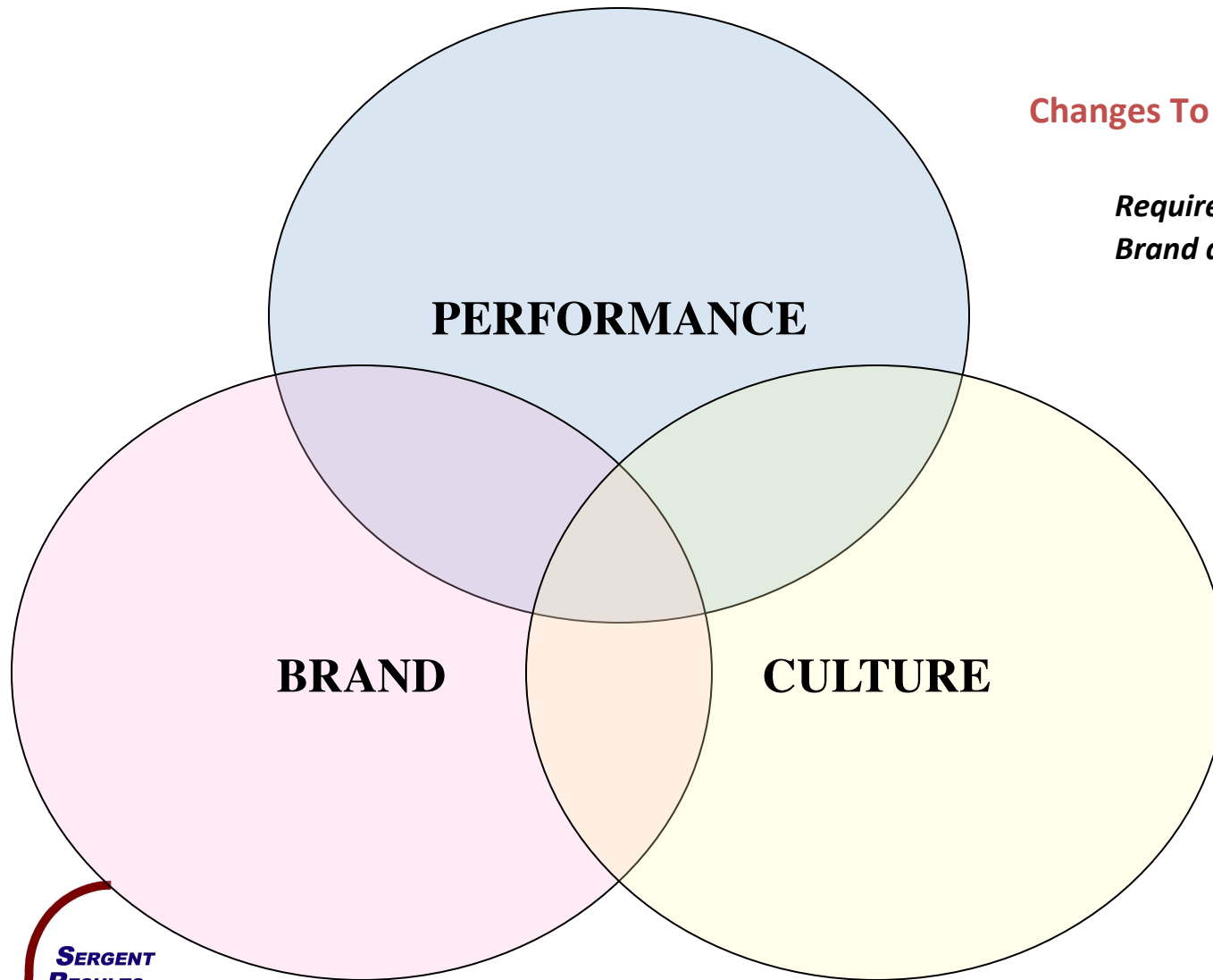
Used to analyze all manner of performance issues and the decide both the value and cost of correcting deficiencies.

## Performance Analysis

### Steps in the Performance Audit



# Managing & Leading Change



**Changes To Performance**

*Require Changes To Both  
Brand and Culture*



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# Leadership & Management



- **Capabilities Expanded**

- **Management & Leadership Resources - Training**

- Succession Planning & Management
- Change in Leadership Personnel
- Blended Learning & Architecture
  - Different Tools
    - » Greater Results of Learning & Development
  - Linked to Innovation Efforts
  - Linked to Organization Change Efforts (esp. Culture)
- Senior Management & Team Development Program Interfaces

- **External - Consulting & Coaching**

- Insight - Leadership & Organizational Effectiveness
  - » Accountability & Development Coaching
  - » Overcoming Organizational Defenses
- Innovation -
  - Systems Thinking & Tools
    - » Enable Leadership & Results
    - » Planning For Change With Focus on Customers, Communications and Teamwork
- Integration -
  - Organizational and Personal Elements
    - » Change, Transition & Transformation
    - » Development of People & Relationships

- **Leadership & Development Balance – Quality Management System**

- “A Mirror” of Performance / Execution of Leadership and Organization
- Potential Management & Leadership “SME” Issues
- Training Needs
- Training Impact



# Business Process Reengineering



*US BPR Readiness Guide (1996) described needed transitions in any reengineering:*

## From

- Paper Driven
- Hierarchical
- Power In Hoarding Information
- Stand Alone
- Control Oriented
- Compliance Oriented
- Sole Resident Experts
- Stovepipe organizations
- Oversight Agencies
- Slow Response
- Data Entered More Than Once
- Technology Fearful
- Decisions Pushed To Top of Organization

## To

- Electronic Based
- Networked
- Power In Sharing Information
- Virtual and Digital
- Performance Oriented
- Benchmark Oriented (**We Disagree**)
- Teams By Talent
- Honeycombed Organizations
- Coaching Agencies
- Prompt Response
- Data Entered Once
- Technology Savvy
- Decisions Pushed To Customer Transaction

***Continuous Process Improvements enable the same collaborative transitions.  
Quality thinking, learning and actions enable transformation.***

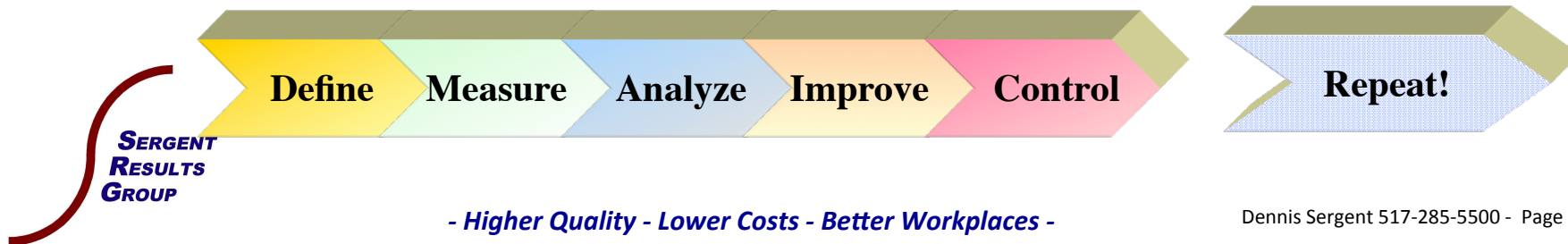


***- Higher Quality - Lower Costs - Better Workplaces -***

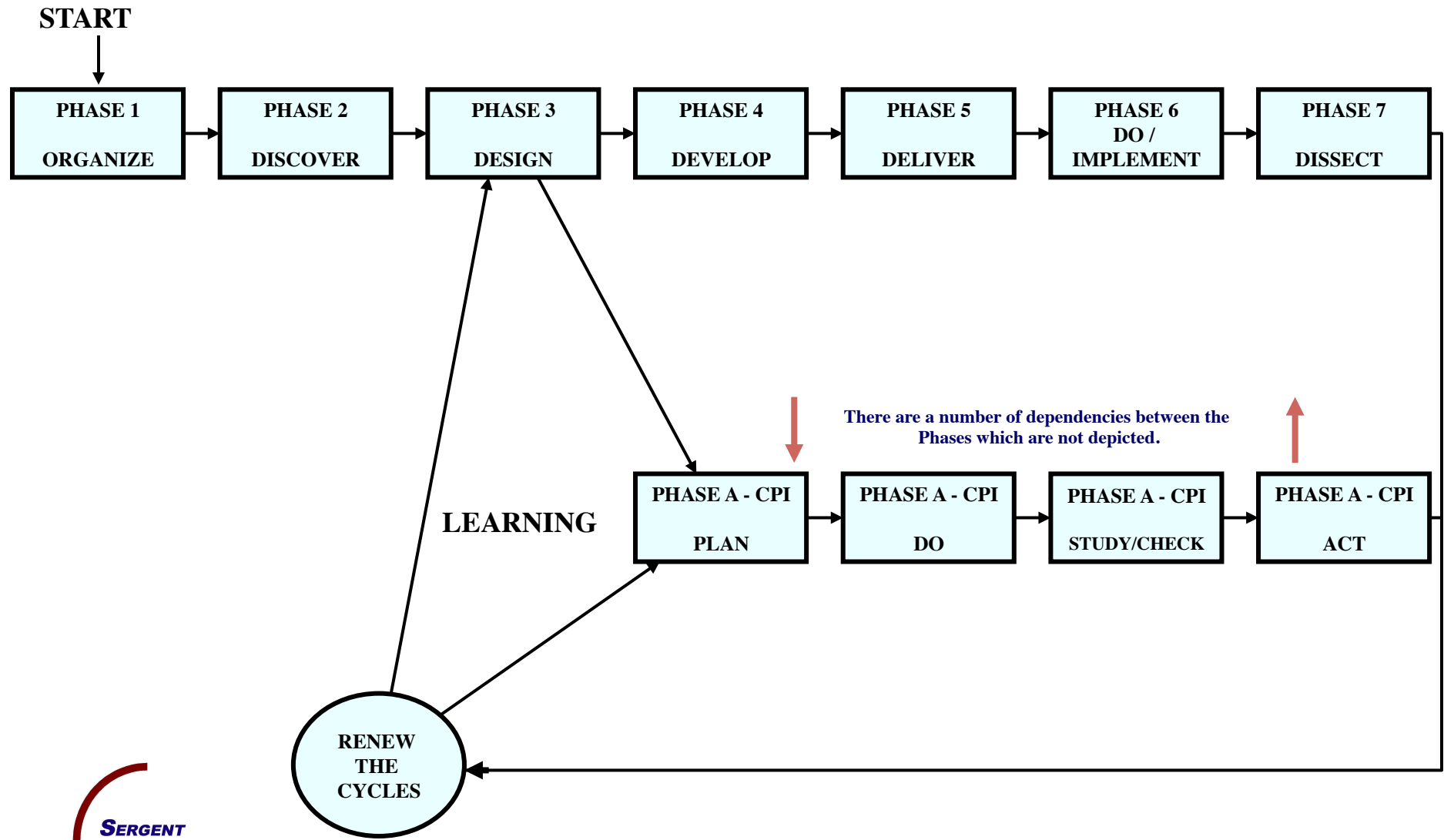
# Six Sigma - 10 Rules That Synch With Quality



1. View performance from the position of the customer
2. Understand the process
3. Make decisions based on data and analysis
4. Focus on the most important issues
5. Use statistical models
6. Pay attention to variation
7. Use standard methodologies
8. Select projects for financial impact (Some Disagree)
9. Establish project governance structure
10. Enlist senior management support



# Continuous Performance Improvement Program Plan



# Lunch!



- **Let's collect our lunch!**
- **Room will be secure**
- **Staff will take your drink orders when you return**
- **While you lunch, continue the dialogue**
- **Make sure everyone is heard from**
- **Be prepared to share your answers to the following questions!**



# Table Discussions



## AT EACH TABLE DISCUSS:

- **WHAT ARE OUR NEXT ACTION STEPS?**
  - What did we learn here?
  - What do we need to discuss next?
  - Who else needs to hear about this?
  - What will we do with our learning?
  - **What adds value to you and your organization?**
  - **What are the positive attributes you can use?**
  - **What are the differences which influence your thinking?**



# Future Agenda



## Future Dialogues = 3 Weeks + 1 Weekday

- **January 30th, 2012** = Accelerated Learning and Quality

## New 2012 Program – at 9:00 AM Before Each Learning Lunch

- **One Hour Conference Call on The Subject of The Day**
- **Free and Facilitated by CQI**
- **If you can't leave your desk for the Learning Lunch**
- **If you can't afford to come for lunch & dialogue in person**
- **If you want more than the usual time to discuss the subject**

## What Are Your Ideas?

- **Benchmarking**
- **Civility - Lack of it Costs up to \$300 Billion Annually (Pattie McNeil)**
- **Effective Measurement for Training & Development Initiatives**
- **Influence (Influencing Your Leader and Your Team)**
- **Innovation as “Phase 0” in Quality**
- **Mentoring & Partnership Between Generations (Baby Boomer, GenX, GenY, Transition to Future)**
- **Quality Assurance Through Proofing**
- **PDCA vs. PDSA Comparisons With Langford “Probletnuity” Process**
- **Implementation of Quality Systems and Continuous Improvement**



- *Higher Quality - Lower Costs - Better Workplaces -*

# Continuous Improvement - Learning Lunch



+ • Do more

• Do less -



- Higher Quality - Lower Costs - Better Workplaces -

# Sponsoring Organizations



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# CQI LEARNING LUNCH

Continuous Improvement

Paradigms & Principles



**SERGENT  
RESULTS  
GROUP**