



CQI Learning Lunch

Lean Performance Appraisals *- Eliminating the Waste*

**Host - Dennis Sergent
517-285-5500**

**September 29th, 2011
10:30 AM to 2:00 PM**

*University Club of Michigan State
3435 Forest Road, Lansing, MI 48909
517-353-5111*

Sponsoring Organizations

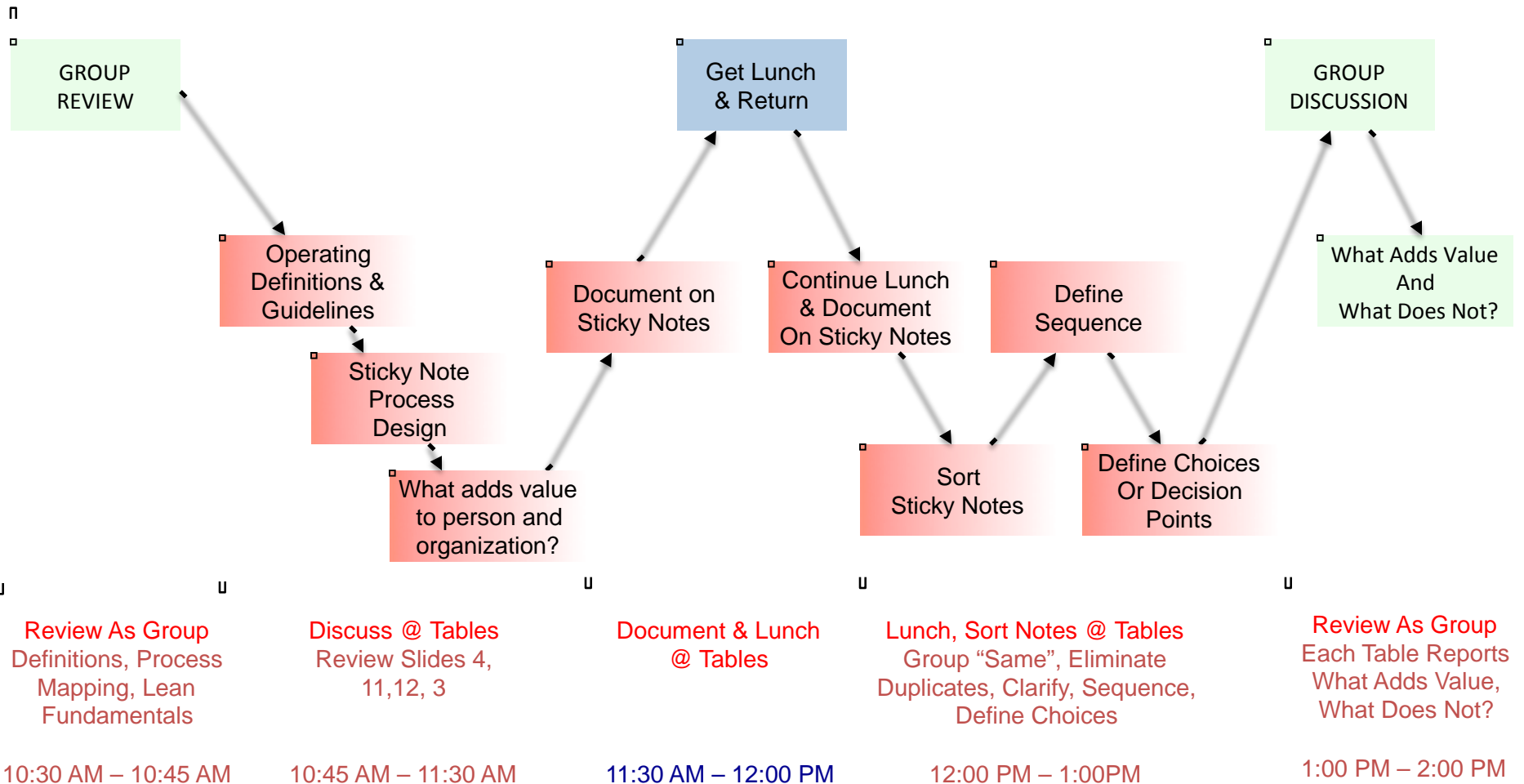


Today's Process

- **A Short Review**
 - Operating Definitions
 - Process Mapping & Lean Fundamentals
 - Consensus
- **Table Discussions**
 - **Sticky Notes to Define**
 - What adds value to both the persons and the organization they are part of?
 - What happens in sequence?
 - What are the choices or decision points?
- **We are not going to try to argue the common sense of doing performance appraisals or not**
 - **We will gain your insight to what adds value**
 - And what doesn't

Learning Lunch Process Map

Lean Performance Appraisal



09-15-11

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Operating Definitions & Guidance

- **Performance appraisal**
 - The practice of performance appraisals is a mandated process in which .. employees' work performance, behaviors or traits are individually rated, judged or described by a person other than the rated employee and the results are kept by the organization.
- **Lean**
 - The practice and principles of focusing on value in a process and eliminating the waste, or anything which does not add value.
- **Guiding Questions**
 - What is our aim, what are we trying to accomplish?
 - How will we know the result will be an improvement?
 - What will we change or eliminate to improve?

What is Value?

Definition:

A capability provided to a customer at the right time at an appropriate price, as defined in every case by the customer.

Examples:

- You hear a dial tone when you pick up your telephone
- Your call is connected to and answered by the pizza shop
- A pizza is delivered hot to your office when promised
- The pizza has the right ingredients and enough of them
- It tastes good
- When it is eaten, you are left with a biodegradable, recyclable box
- You feel satisfied that it was worth the cost
- You recognize that you couldn't have made it faster, cheaper or better
- You watched your favorite show on TV while the pizza was made

Key Point

- **As Defined By YOU, The CUSTOMER**

What Is Waste? - Everything That is Not Value!

1. Defects, errors, returns

- Missing information, change orders, design flaws,
- Absenteeism, high employee turnover

2. Overproduction of things not demanded by actual customers

- Printed paperwork that changes before it is needed
- Processed orders before they are needed
- Processing without customer demand

3. Inventories **waiting** for further processing or use

- Purchasing or making things before they are needed
- Things waiting in the “inbox”, unread mail, batch processing

4. Unnecessary **over-processing**

- Relying on inspections rather than designing the process to eliminate them
- Reentering data in multiple systems, extra copies, unused reports
- Complex processes

5. Unnecessary **motion** of people

- Searching for people, tools & materials
- Walking to offices, copier, carpool, central filing

6. Unnecessary **transport and handling** of goods

- Paperwork handoffs, electronic data handoffs, approvals, excessive e-mails, copies and attachments
- Sending e-mails or letters to people who do not need to know

7. **People waiting**

- Slow computer speed, downtime, awaiting approvals, no answer to phone calls, emails, letters
- Clarification or correction of work from supplier or upstream process to deliver
- Waiting for machine to finish processing, or for supporting functions to be done,
- Waiting for interrupted work and team members to resume

What Is A Process?

Definition:

- It is the value stream or set of all specific, individual actions and operations required to create a design, complete an order, product or specific result.

Examples of Processes:

- Ordering the pizza
- Making the pizza
- Delivering the pizza

Process Example: Making the Pizza

- Buying the ingredients and storing them
- Preparing the ingredients (chopping, shredding, etc.)
- Preparing the machines (clean surfaces, pans, oven)
- Assembling the ingredients (in the right order)
- Putting them in a hot oven for the right amount of time
- Pulling the pizza out of the oven, cutting and boxing it

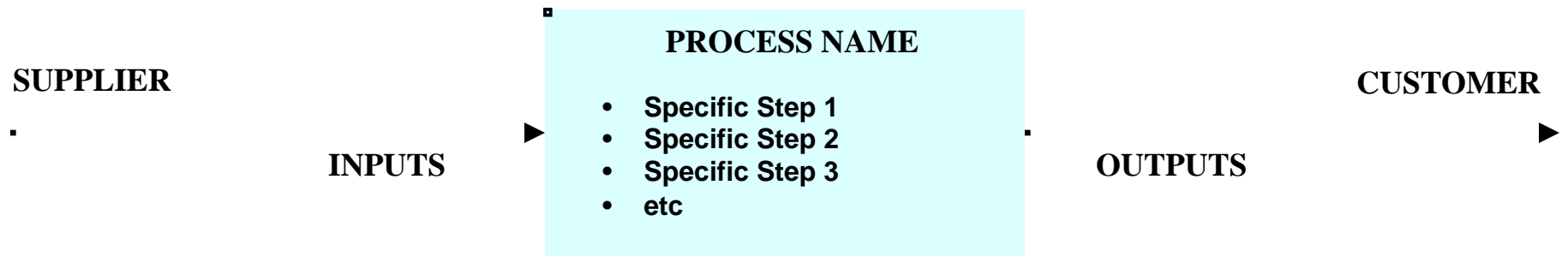
Key Point:

- **There are specific actions, which must be done in the right order to make a customer satisfied.**

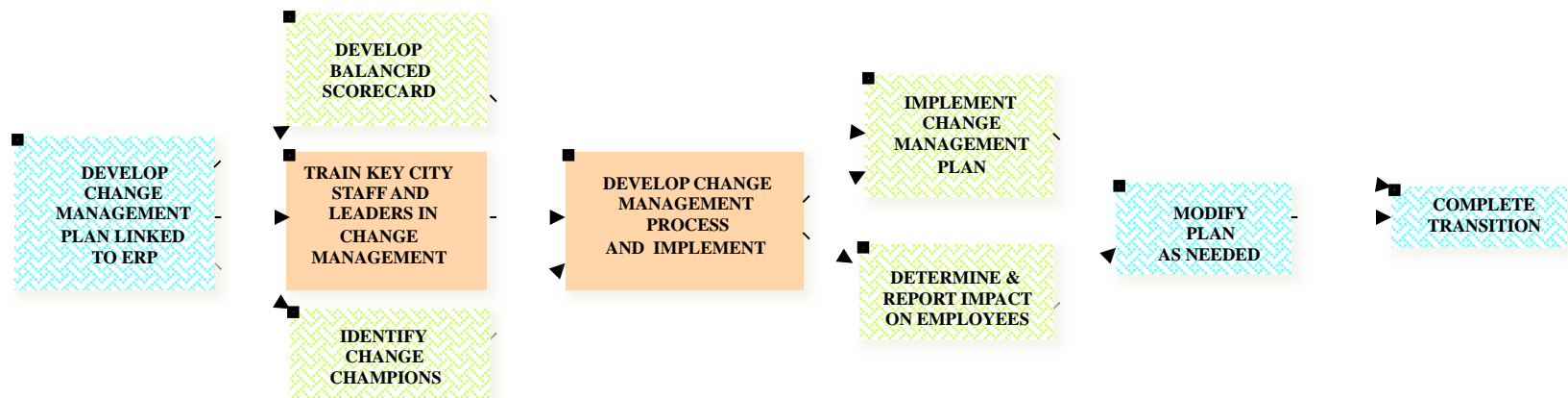
Process Mapping Fundamentals

Macro Level - SIPOC (Supplier-Inputs-Process-Outputs-Customer)

- VERB - NOUN CONSTRUCTION (Make Pizza)



Micro Level



System (Process) Map

REQUIREMENTS (METRICS) SHOULD BE:

- SPECIFIC (What)
- MEASURABLE (How)
- ACTIONABLE (Where)
- RELEVANT (Why)
- TIMELY (When)

METRICS (MEASUREMENTS) ARE:

- DIAGNOSTIC (Lead Indicators)
- PERFORMANCE (Lag Indicators)
- DESIRED RESULTS

WHO STAKEHOLDERS ARE:

- SUPPLIERS - Other Stakeholders
- OWNERS - Other Stakeholders
- EMPLOYEES - Other Stakeholders
- CUSTOMERS = CORE STAKEHOLDERS
- COMMUNITY - Other Stakeholders
- REGULATORS - Other Stakeholder



VALUE ADDED LOOPS

- Information
- Products
- Services
- Influence

PROCESS

Core = Profit / Support = Cost

VALUE ADDED LOOPS

- Information
- Products
- Services
- Influence

INPUT FROM SUPPLIERS

External or Internal

Who - Requirements - Results - Gaps

What - Requirements, Results & Gaps
 How - Measured
 Where - Action Is Taken
 Why - Relevant To Value Added
 When - It Is Done

OUTPUT TO CUSTOMER

External or Internal

Who - Requirements - Results - Gaps

VALUE ADDED LOOPS

- Information
- Products
- Services
- Influence

Process Defined in Verb - Noun Structure

VALUE ADDED LOOPS

- Information
- Products
- Services
- Influence



PROCESSES SHOULD BE:

- Stable
- Predictable
- Acceptable
- Repeatable
- Reproducible

VALUE IN METRICS and GAPS ARE:

- COST (Objective)
- SPEED or TIMELINESS (Objective)
- QUALITY (Can Be Objective or Subjective)
- SERVICE (Subjective)

Steps for Process Mapping Success

- **Change the organization to one driven by strategic needs**
 - Not driven by top level management
- **Organizational leaders must understand, embrace and demonstrate concepts in action**
 - It is OK to be human and make a mistake, just hope the team tells you and then you should own it quickly
- **Understand the importance of Lean and support it at all levels**
 - Lean strategy & principles
 - Lean tactics & practices
- **Identify and select value stream managers for each major value stream**
 - And identify the cross-functional team to support the process
- **Provide authority and time to Project Team members**
 - Needed to coordinate and facilitate implementation
 - Appropriate team members must develop detailed project plans to manage implementation
- **Create metrics of Lean behavior and success**
 - Measure value created
 - Measure waste eliminated
 - Monitor financial indicators
 - Monitor operating compliance
 - Measure customers served / satisfied
- **Implement value stream - process maps designed for the future**
 - Show and share the maps
 - Show and share the Action Plans (A3s)
- **Communicate top level management leadership**
 - Use Lean tools & techniques
 - Focus on competitive strategy to continually improve

Sticky Note Process Design

- **Lines and Arrows**

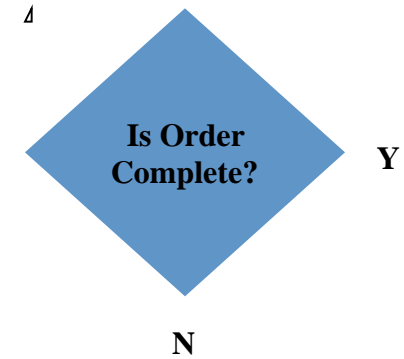
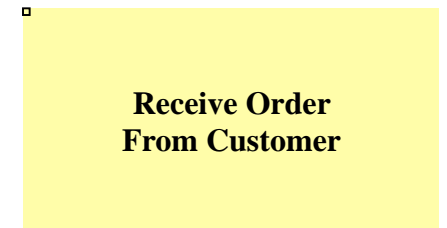
- Define
 - **Process Flow**
 - **Sequence**
 - **Time**
- Generally, left to right and
- Top to bottom

- **Rectangles or Squares**

- Defines
 - **Action**
- Verb, then Noun Construction

- **Diamonds**

- Defines
 - **Decision**
- Question answered “Yes” or “No”



Tips For Process Mapping

- 1. Start simply, add boxes as needed**
 - Make the process map manageable
- 2. Identify the basic process steps before arranging them in sequence**
 - Helps process team agree to a scope and level of detail
- 3. Estimate performance of the whole current process**
 - It could take weeks or months to generate exact data
- 4. Identify the metrics for each step or process box**
 - Agree on definitions for measurements
- 5. Add other information as needed**
 - Icons, photos, symbols, whatever works to understand
- 6. Walk through the process value stream to gather performance data**
 - Get out of the meeting room, see the place where the work is done,
- 7. Ask questions about activities, barriers & issues**
 - See examples of issues and roadblocks
- 8. Map the whole stream as a whole team**
 - See it as a whole system, not just components
- 9. Assign team members specific tasks in mapping**
 - Keep everyone engaged, one metrics recorder, one scribe, one timekeeper, a process manager, etcetera
- 10. Use sticky notes for actions, decisions and flow**
 - Tape them down before you move the charts
- 11. Move them around until you get it right**
 - Invite process participants in for a sanity check and walk through

Process & Value Metrics

1. Always include process time!

- **Defined as:**
 - The actual time it takes to complete an activity or process when uninterrupted.
 - Can be determined by observation.
 - Variation expected within ranges.

2. Always include lead time!

- **Defined as:**
 - The elapsed time of an activity from the time it arrives from the customer to the time it goes out to the next customer.
 - Generally greater than process time because of queuing, waiting, interruptions, etc.

3. Do not try to use all of them!

- Time - process time, lead time, value added time
- Changeover time
- Typical batch practices and sizes
- Demand or pull rate
- Percent complete or percent accurate
- Reliability or defects per million (dpm)
- Number of people (customers, staff, etc.)
- Inventory
- Technologies used
- Availability, time, percentage, hours, etc

4. Be careful how you measure and document your operational definitions!

Identify Cost, Value and Worth

- **Costs of Waste**
- **Value of Correcting**
- **Costs of Corrective Action**
- **Costs of Preventive Action**
- **Worth of Correcting**

Design Future Process State

Define Improvement Opportunities

Sort For Affinities

Determine Relationships

Define Team's Process Priorities

- Ask Your Team Some Critical Questions -
- What does the customer really need?
- What is that worth?
- What does it cost?
- How often is performance checked?
- Which steps create value?
- Which steps generate waste?
- How can work flow when the customer needs it?
- How can work flow with fewer interruptions?
- How will work be controlled between interruptions?
- How will we balance workload?
- What process improvements are needed to achieve the future state?
- Then ask the rest of the team to visit or “walk through” your thinking about the current state

Define Project Team Members

Define Current States Of Value Streams

Define Future States Of Value Streams

Define Work Plan and Implement It

Design Future Process State - 2

Define Improvement Opportunities

Sort For Affinities

Determine Relationships

Define Team's Process Priorities

- Document customer information and needs
 - Understand who is the customer
 - Understand what they need
 - Understand what they supply to the process
- Identify main processes and order of impact
 - Break down the main process into components
 - Inter-dependent, but "BITES" of the elephant
- Map the process value stream with stickies
 - Show the flow and the dependencies
- Select SMART "in-process" metrics of success
 - Show the measures of sub-process value & performance
 - Show the "DELTA" or difference
- Walk through the value stream
 - Discuss each step, ask the "why" questions
 - Discuss the measures of value & performance
 - Confirm "Who" is customer, who performs each step as supplier
 - Confirm Inputs and Outputs
- Establish how the work is prioritized
 - Within each process
- Determine systemic measures of success
 - Show the measures of value & performance for the WHOLE process
 - Lead time versus process time
 - Time, Cost, Service, Performance, Value
 - Communicate to whole team

Define Project Team Members

Define Current States Of Value Streams

Define Future States Of Value Streams

Define Work Plan and Implement It

Link Process Design to Objectives

Define Improvement Opportunities

Sort For Affinities

Determine Relationships

Define Team's Process Priorities

- Value Must Be Linked to Organizational Objectives
- Organizational leaders must
 - Understand
 - Embrace and
 - Demonstrate Lean concepts in their actions
- Project Team members and value stream manager
 - Must have the authority and time
 - Must coordinate and facilitate implementation
- Appropriate team members
 - Must develop detailed project plans
 - Must manage implementation
- Metrics of Current State to Future State Must Show progress towards the Goal
- Communicate, communicate, communicate
- The rest of the Team MUST BE Engaged Too!

Define Project Team Members

Define Current States Of Value Streams

Define Future States Of Value Streams

Define Work Plan and Implement It

Consensus - An Operating Definition

Consensus is a general agreement among all team members who support the same decision.

- It means all team members can and will support the decision without compromising important values of the team or members.
- Consensus does not mean the decision is perfect or that everyone agrees to the same extent, it only means we have found a definition of unity which we can move forward with until we can improve it at a later date.

Table Team- Value Streams

4 Tables

3.5 Hours

4 Value Stream Maps

□ To provide meaningful feedback for the individual to perform effectively in the organization



Determine standard for measurement



Clarify expectations and set goals

Effective coaching/ training for giving, receiving and implementing feedback

Understanding variation – normal variation in people and process

Develop flexibility in implementing 4 times a year (less or more)



Need Later

□ Evaluate process



Specific recognition and appreciation of individual



Need sooner

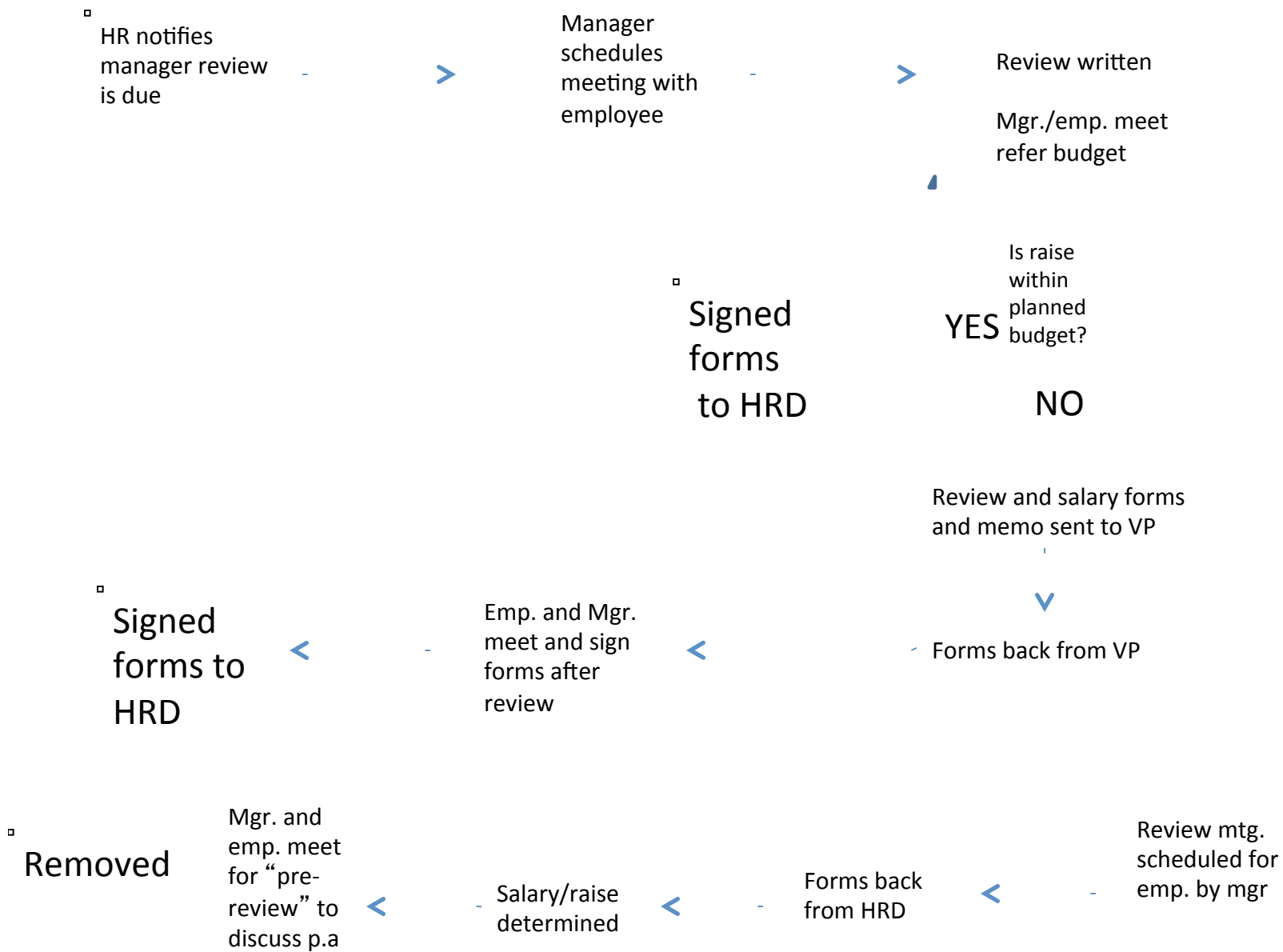


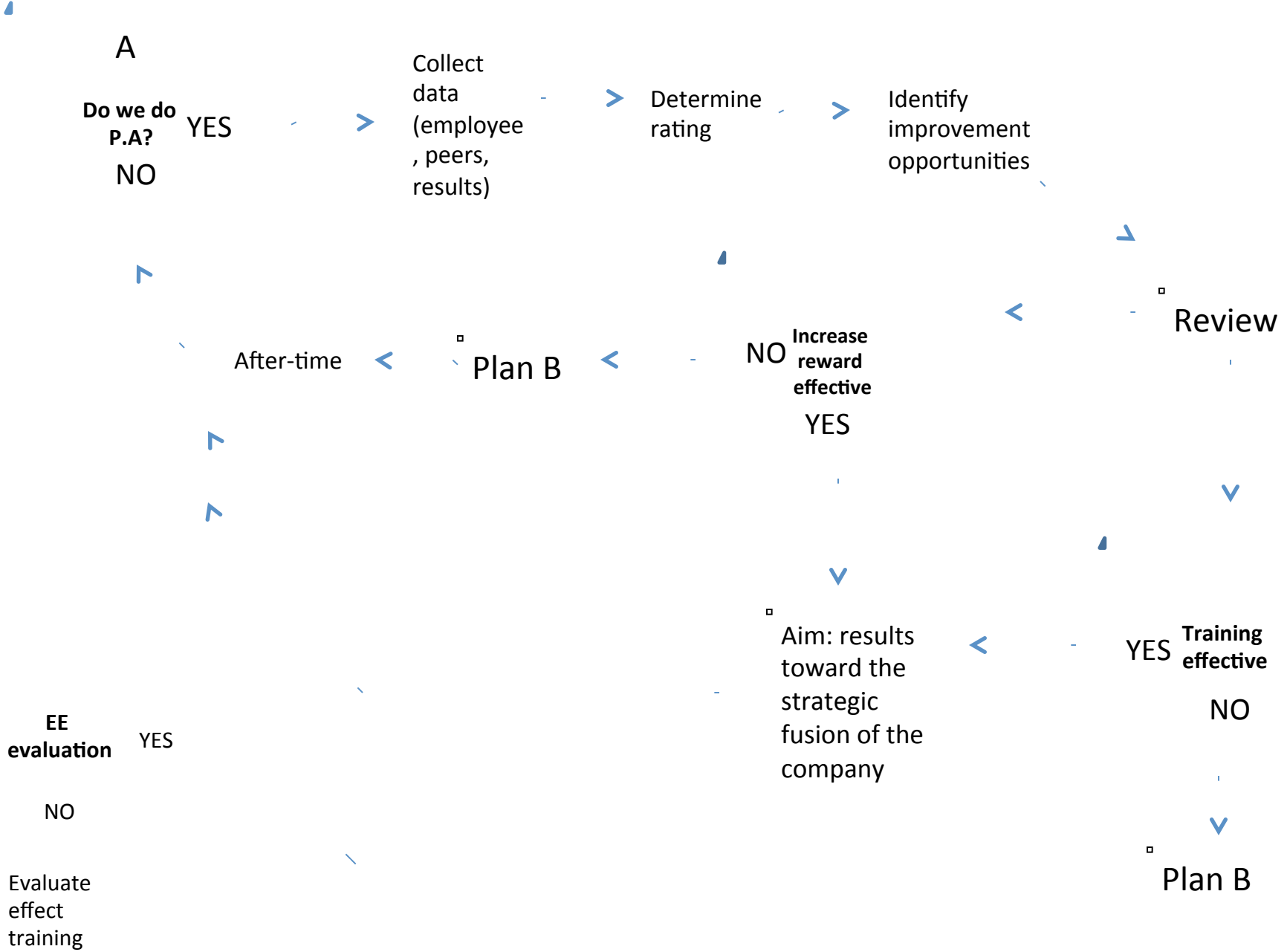
Provide tools to help improve

Positive feedback tells the employee they are important



People walk away with a positive experience





A

Do we do P.A?
YES
NO

Collect data
(employee, peers, results)

Determine rating

Identify improvement opportunities

Review

NO
Increase reward effective
YES

After-time

Plan B

Aim: results toward the strategic fusion of the company

YES
Training effective
NO

Plan B

EE evaluation
YES

NO

Evaluate effect training



Mission- why we exist
Goals- how do we attempt to support mission

Reinforcing organizational culture

Focus on mission

Avoid legal and regulatory problems



Relate my job to the mission



Identify obstacles- internal and external

Relate obstacles to effectiveness

What is the buy in?

Mutuality in process

Legal compliance

Aligning and achieving goals

Team
Co.
Cust.
EE

Opp. for affirmation

Link performance with rewards and outside environment



Outcome



Get and keep the right people on the bus

Employer of choice



Lunch!

- **Let's collect our lunch!**
- **Room will be secure**
- **Staff will take your drink orders**
- **While you dine, discuss this**
- **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 I learn here?**
 - **What do we need to discuss next?**
 - **Who else should be here?**
 - **What will we do with this learning?**
 - **When do we meet again?**



Future Agenda

Future Discussions = 3 Weeks + 1 Weekday

- **October 20th, 2011** = Comparisons of Quality Management Systems
 - **November 21st, 2011** = How to Plan the Perfect Meeting
 - **December 8th, 2011** = Six Sigma - Plans and Pitfalls
 - **January 6th, 2012** = Continuous Improvement Paradigms & Principles
 - **January 30th, 2012** = Accelerated Learning and Quality
-
- **What Are Your Ideas?**



Other Subject & Speaker Suggestions

- Benchmarking
- Brainstorming
- Civility - Lack of it Costs up to \$300 Billion Annually (Pattie McNeil)
- Design & Control of Quality (Ian Bradbury of Peaker Services, Inc.)
- Effective Measurement for Training & Development Initiatives
- Gipsie Ranney
- Having Difficult Conversations - Principles and Tools
- Influence (Influencing Your Leader and Your Team)
- Lean Project: Eliminating the Waste In Performance Reviews (R. Steele of Peaker Services)
- Mentoring & Partnership Between Generations (Baby Boomer, GenX, GenY, Transition to Future)
- Quality Assurance Through Proofing

- What Are Your Ideas?

Sponsoring Organizations





CQI LEARNING LUNCH

Lean Performance Appraisals

- Eliminating the Waste

