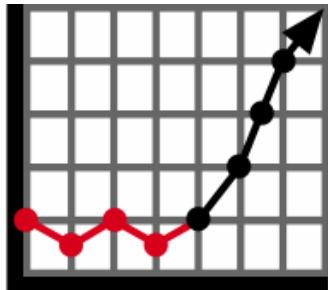


My Observations, Rants and Not So Deep Thoughts

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Halves and Doubles

A couple of years ago I was trying to explain Lean Thinking to a management team, when their leader, my friend, Ken Russell said, “I got it, you mean HALVES and DOUBLES”.

Ken, was absolutely right, he got it!!! Lean thinking is figuring out how to identify the opportunities and then either reduce by half the bad things (Waste and Cost Added) and or double the good things (Value Added). For example: reduce the lead time by 50% and increase the sales by 100%. And then do it again, and again, and again. The difficulty is not in reducing the lead time but rather in leveraging the improvement in the marketplace to increase sales. Lean thinking requires you forget!

The power of thinking this way is that it forces you to forget what you already think you know. Over the many years that I have worked as a consultant, probably the single biggest obstacle to significant improvement is people knowing that it can’t be done. The idea that you know that it can’t be done is the very thing that keeps you from being able to do it.

Here is an example, a company that we were working at a few years ago had grown to accept a certain amount of scrap from their processes, it was considered normal, and they built the additional cost into their prices. They would start 12 units through their process and most of the time they would get 10 good ones, the other two if they were not good were scrapped. Sometimes they only got 9 good ones; sometimes they got 11 and occasionally all 12. The customer only wanted 10. With a little observation we were able to determine that the quality of the setup really was the determining factor impacting scrap. We were told over and over that the setup time could not be improved, standardized or shortened; they had their best, most experienced, people on the machine.

We introduced them to SMED (Single Minute Exchange of Die or sometimes referred to as the Shingo Method). A pit-stop approach to setup, that stresses a standard approach to the setup with a team of people. The result was a reduction in setup time, from an average of 8 hours down to under 30 minutes with virtually no scrap. They were convinced that it could not be done...they were right, based on the way that they were doing it. By helping them to forget the old way, by introducing them to a new and different way a breakthrough was accomplished.

So when you set goals, set impossible ones! It is the only way to prove that it can be done!

26.3

I recently discovered some data that identified and confirmed the average annual hours in the classroom to improve the skill set for the average American worker at TWENTY-SIX-POINT-THREE!!! WOW! NOW THAT IS AN IMPRESSIVE NUMBER!

Personally I was stunned! Can you imagine 26.3 hours per year for a... Violinist...golfer...pilot...surgeon...astronaut...professional athlete...soldier...

In Stephen Covey's new book the 8th Habit he talks about the transition from the Hunter-Gatherer Age to the Agricultural Age to the Industrial Age and now into the Information/Knowledge (intellectual capital) Worker (TALENT) Age. And we average here in America, 26.3 hours of talent enrichment (for the work we do) investment per year! HOW SAD!!!! It is no wonder that so many jobs are being lost to foreign competition.

**THE ONLY COMPETITIVE WEAPONS THAT CAN BE LEVERAGED TO DRAMATICALLY DIFFERIENATE YOU AND YOUR COMPANY TODAY IS WITH INTELLECTUAL CAPITAL AND THE TALENT THAT YOU CONTINUALLY DEVELOP!
“THAT is IT”, Period!!!!**

The 300 Spartans

I saw this movie many years ago...when I was digging through the discount bin at Sam's the other day I found a copy of this 1962 movie on DVD for \$5.95. What a treasure!

The movie tells the story of the battle of Thermopylae that took place during the Greek-Persian war in the 5th century B.C.

Because of its defensible terrain, the mountain pass of Thermopylae, the "Hot Gates," was chosen by the Greeks as the site for the battle. At the time it consisted of a pass so narrow two chariots could barely move abreast—one side stood the sheer side of the mountain, while the other was a cliff drop into the sea. Along the path was a series of three "gates," and at the center gate a short wall was hastily erected by the Greek army to aid in their defense. It was here in the August of 480 BC that an army of some 7000 Greeks, led by 300 Spartans, stood to receive the full force of the Persian army, numbering perhaps some forty times (280,000) its size. Some estimates of the Persian army go as high as between 3 and 5 million.

This is not a story of immediate success, the Greeks that did not retreat (the 300 Spartans) were killed by the over whelming force of the Persians. The Persians were later defeated at the battle of Plataea...

Sorry, I did not mean to turn this into a history lesson. I wanted to really talk about the leader of the Spartans, King Leonidas. He fought and died with his men; he was in the thick of the battle, he lead from the front not from the top. He demonstrated his leadership, not by what he said but by what he did.

On a side note, a famous quote has been attributed to King Leonidas, when told that the arrows from the Persians would plot out the sun, he said "Then we will fight in the dark". Now that's leadership!!!

Rearranging the Deck Chairs...

I was talking to a good friend yesterday; he is the operations manager of a plant located on the west coast. My friend has been the operations manager for about a year, and under his leadership many wonderful things have transpired. Today the operation is running at 40% capacity, due to the productivity gains (Better Scheduling, Set-up Reduction, TPM, Cells, etc.) The operation has been run as a profit center, without responsibility for sales? Over the past year, raw material costs have gone up 40%, with no price increases being passed on to their customers! In spite of this they have been able to sustain a gross margin of around 10%, granted they are not making money, but imagine where they would have been if they did not make the improvements.

Being the “Professional Provoker” that I am, I asked the obvious question...WHY not increase the prices to your customers?

His answer...Our sales department says that the customers would leave if we did!

My follow on question...Are your salesmen order takers or do they understand how to sell value?

What do you think his answer was? ORDER TAKERS!!!!!!

This is typical in many of the businesses that I visit. Operations gets it act together by applying Lean Thinking and sales can not bring in enough business to leverage the productivity gains.

So what did the corporate people do? They reorganized the division (rearranging the deck chairs), move people around, and change the structure of the operations from a profit center to a cost center. In other words, they are doing everything but address the core problems. There are two basic issues that must be addressed immediately if this business is going to survive and thrive.

- 1. Teach the sales people how to sell value, develop a focused sales effort to identify the ideal customers and then go get them. In the process develop a follow-up approach to track this effort.**
Remember we have an operation that needs a tremendous amount of work to leverage the improvements that have been done so far.

2. Vertically integrate operations. Today, operations buys raw material from an extruder in Minnesota, and ships all of its scrap back to them to make more extruded material. Most of the products that this operation produces has about a 50% scrap factor designed into the product. Having their own extruder eliminates the transportation cost and allows them to regrind the scrap to make their own extruded material. This will put them into a more competitive position.

Reorganization (rearranging the deck chairs), will not fix the fundamental problems in this business, it will only delay the impact with the iceberg! Having the guts to fix the basic problems will!

Stuck on Stupid!

The first time that I heard you're "Stuck on Stupid!" I was stunned! WOW did General Honore (another great cigar smoker) nail it! Then I started to laugh...What a great response to repeated stupid questions (many reporters remind me of records skipping and repeating the same verse over and over). I must tell you, that I have wanted to say "Stuck on Stupid" many times... but those exact words never came to mind much less out my mouth. It is now a main stream expression and I love IT! And I plan on using it, LOTS!!!!

So here you go... don't be "Stuck on Stupid Lean"!

Just implementing Lean is not the be-all-end-all that a lot of people have been lead to believe it is! (Especially, if you are only working on Lean in the operations side of the business. Our experience has been that there is as much opportunity for improvement in the non-operations side of the business and maybe even more.)

Not in this current hyper-competitive worldwide climate!

Will Lean help? SURE, there is no question, just look at the advantages Toyota has over GM, Ford and Chrysler. Not only has Toyota been working and thinking Lean for over 50 years, but their not saddled with the high labor and healthcare cost of the X-BIG 3. To understand the impact all you need to do is to look at GM's recent renegotiations (\$1,600.00 per car in healthcare and retirement benefits) with the unions. Or look at the problems facing Delphi. And Delphi has been one of the biggest embracers of Lean in North America!

So what do you do? Give up? I don't think so!

Let me share an example. Back in the fall of 1997 and spring of 1998, I had the opportunity to work with a hardware manufacturing company located in western Illinois. They embraced Lean with a passion that I have seldom seen outside Japan. They were very successful; were talking world class levels of performance improvement. They grew the business and improved operations and distribution to a level that forced their competition to relocate many of their operations to China. They gained market share and things were looking pretty good.

I learned just recently that they were being purchased and that the deal would be finalized by the end of this year. I was stunned (again), but in talking to my friends, they were very positive, they felt that being purchased would extend their ability to continue to be competitive and even potentially move into a more dominate position. They also pointed out that by investing in Lean they insured their survival for many more years to come. My friend Oscar said, “Mike, just think where we would be if we had not done this...we would probably be gone”. He is right!

How do you keep from being “Stuck on Stupid Lean”?

First, recognize that implementing a culture of Lean thinking is essential to long term success. This can't be looked at as “just another float in the parade”. Jumping from one improvement program to another will not work.

Second, recognize that continuous improvement is the result of the continuous identification of waste and that solving the problems that cause it is the only way to achieve long term success. Your performance measures must show you where the waste is occurring and you must carve out time for your people to solve these identified problems.

Third, deal with the major cost drivers in your business aggressively: healthcare, IT, distribution, service, labor and overhead. Not even Lean can overcome very deep organization structure problems. Every day that goes by sucking wind in these areas negatively impacts your Lean efforts.

Forth, and most important!!! Get your sales people out there selling value! Our experience is that most sales people don't know how to sell; they are great at taking orders and cutting price...but establishing a value proposition....forget about it!!!!

It is critical to understand that Lean creates a “monster”, that to leverage it requires greater and greater volumes of work. The more work, the bigger the impact to the bottom line.

A bit of guidance here...In the first 12-18 months of implementing Lean you should expect a 30-50% productivity gain, and then 1%+ gain in productivity monthly is normal.

**To truly leverage your Lean effort requires a very aggressive growth strategy! More work, more bottom line impact!!!!
Don't get “Stuck on Stupid Lean.”**

Two Buzzards...

I saw this famous cartoon many years ago!

Two old buzzards have been sitting in a tree in the middle of a desert for quite some time. After a while one of the buzzards leans over to the other and says, “Screw it, let’s kill something”!

I don’t know about you but I feel like this sometimes...like when I am standing in line to get a cup of coffee, and the person at the front of the line (who had been in line for quite a while because they have finally got to the front) cant make up their mind about what they want, or when the “service person” (PC) cant work the cash register...or (insert your latest experience)...

Yes, I know your thinking, get over it Mike, just stand there, shut up and wait your turn. Well if it only happened once in a while, I would agree with you. But it happens all day long, every day.

Here is my challenge to you...get a small notebook and keep track of how many times you are delayed and for how long, for just one day. I have done this several times, my best (?) to date, is 33 delays for over two and a half hours! That is two and a half hours out of my life that I will never get back!!!! It also represents a number of places that I will never ever go to or spend my money at!

Now think about your customers or clients...how many times do they get put on hold, routed to the wrong person, leave voice mails that never get returned, send emails the never get responded to, talk to a person who says they will help but don’t...these are people that have purchased something from you or are attempting to...why would you treat them this way? Why would you make someone stand line to give you money? This is another great example of being STUCK ON STUPID!

Is it any wonder that companies loose up to one third of their customers/clients each year and don’t even know that their gone!

TAKE A MOMENT TO THINK ABOUT THAT!!!

Now, tell me to stand in line, shut up, wait my turn, and be patient! By the way when you look around to see where you’re at in the line, you won’t see me. I went to the place where I don’t have to wait!!!

The Morning Walk

Back in the early-mid 70's I worked for Pullman Standard on the south side of Chicago. We were building the R46 Rapid Transit Cars for the New York City Subway System along with parts and sub-assemblies for the Amtrak double-deckers. Our leader and boss was H. Conner Nolan. He was the Manager of Works (when being the Manager of Works meant something). I was responsible for the Production Scheduling/Control Department.

Every morning, at about 6:30 AM, the management team met outside Mr. Nolan's office to take the morning air...with Mr. Nolan. Each of us armed with a note pad and several sharp pencils. The walk normally took about one and one half hours. Our job during this walk was to have the answers to the questions that Mr. Nolan asked.

If we didn't know that was alright...but we were expected to have the answers later that morning. During the four years that I worked for Mr. Nolan, I can't ever remember him forgetting anything that he had asked about, and I never saw him write anything down. Mr. Nolan was probably the toughest most disciplined boss I ever had.

The agenda for the walk was quite simple, we would start in the shipping department and work our way back to receiving. As we went through each department Mr. Nolan always asked the same questions everyday: What was your performance against the schedule for yesterday? What problems did you have? What are you doing to solve them? What can we do to help? What additional resources do you require and for how long? He listened very carefully and was never judgmental. He expected his leaders and managers to have the answers to his questions, and after a few weeks they started to track their own performance and they were prepared for his daily visit. He was instilling a disciplined approach to running operations throughout the entire organization.

He did not accept excuses, what he expected was results! He did not tolerate finger pointing or back stabbing. He expected his team to work as a team. His approach was simple, the entire team would be successful

or the entire team would fail. This was difficult for most of us; we had never been treated this way in our past jobs.

As Mr. Nolan continued our learning, he started to add to his questions! He started to select different themes for the morning walks. He started asking questions about how the work was done and why was it being done there, is there a better place or better way to do it. He asked about workplace organization, about changeover times, about quality...He asked about inventory, scrap and rework. His approach was to change our approach from being reactive to being pro-active in our thinking, trying to anticipate what could go wrong and attempt to address it before the problem occurred.

It probably took us as a team, almost a year to make the transition from being reactive to being pro-active. This transition led us as a team to be very successful and as individuals most of us excelled in this new culture.

It took me a while to figure out how Mr. Nolan knew which questions to ask. It was like he already knew the answers. I was working late one night, cleaning up some final reports and getting ready for the morning walk and questions. As I went out to one of the production areas to check on something, I stumbled on his secret...he also did a late afternoon walk...after the day shift people went home. These afternoon snap shots gave him the necessary information and insight to ask the right questions the next morning.

So get your team together, take a walk and start asking tough questions, you never can tell what you might learn!

Sadie's Story

Sadie was our family dog. She was just about to turn four; we got her when she was about eight weeks old. She was very special, and we loved her very much. About ten days ago we noticed that she was not her usual self. No kisses, no energy, not excited to see us when we got home. Little or no tail wags.

We took her to our local veterinarian on Thursday. The veterinarian did an initial exam and had us rush her to the animal hospital, she was in trouble!

The veterinarian at the hospital admitted her...It went downhill from there.

The veterinarian at the hospital took some more blood for tests, and scheduled a bone marrow test for Friday morning, and at the same time charging us \$1,400.00. They let us take Sadie home Friday night with some antibiotics. Saturday she seemed better, but by Sunday we could tell that she was not getting better. When we picked her up from the hospital the doctor told us he would have the results of the blood tests on Monday and to call him in the morning.

We did, six times throughout the day, leaving a message each time! He never called back! We finally got hold of him at 7:30 Monday night. He told us the blood tests were negative, he recommended the additional expense of a blood transfusion and that he would also fax us copies of the test results report before he went home at 8:00. He did not! We called back to the hospital at 9:30 and the night receptionist hunted down the emergency doctor who found Sadie's file and faxed us the reports. The test results had in fact, been available to the Doctor on Sunday morning including the preliminary bone marrow results. We spent Monday night holding her and giving her water; it was too late for anything to be done.

We put Sadie to sleep Tuesday morning. Our local veterinarian was great; she helped us through this very difficult time. The veterinarian at the hospital on the other hand...

I am not sharing this very personal experience to garner sympathy or to complain about the cost, we would have spent just about anything to continue to have Sadie with us. I am sharing this story as an example of crappy customer service. The good news is that the veterinarian at the hospital is not a complete failure; he can always serve as a bad example. On the other hand the local veterinarian's and their staff are very into customer service, Sadie's veterinarian helped us to end her pain, she cried with us. Yesterday, Sadie's veterinarian sent us a sympathy card with personal notes from everyone at their office. Sadie had touched every one of them, just like we were touched by this little dog's very special personality.

Sadie, I sure miss you!

Critical Mass is Critical

Critical Mass, a concept borrowed from nuclear reactions, refers to the fact that once a process reaches a given size (or heat or speed), momentum takes over and the process sustains itself. A body in motion has a tendency to stay in motion and a body at rest...I feel that this concept holds true in Manufacturing. A factory that has reached critical mass is unstoppable by competition.

If your product demand can keep 50 to 100 machines running around the clock, you have the resources needed to run a factory that will match or exceed the output of any similar one in the world. A factory of this size and volume will support investment in the best methods, tooling, and people, which will, in turn keep the factory operations and reaction times at the forefront of the industry. If the management of such a factory says that they can't be a world-class producer, it is time for new management.

The only two inherent competitive advantages left for a North American manufacturing company is reaction time (speed), the time needed to meet a customer request for modifications or innovation (new products), and processes designed (design) to be reactive. From a customer's perspective, reaction time is the time the manufacturer needs to comprehend the new concept, design it, tool up, generate product/service, and then ship them.

Speed and Design are the greatest handicaps for overseas suppliers, starting with eight weeks of shipping time by container. In addition their reaction time is greatly lengthened by cultural differences (comprehension), unacknowledged assumptions, language barriers, and a preference for long production runs. Not to mention a 10 – 12 hour time difference. In addition, far too many off-shoring decisions have been made on the basis of lowering direct-labor costs. In reality, direct-labor is rarely more than 5% of a products cost! Several very credible studies show that the hidden costs of off-shoring can and usually does add 25% + to quoted labor and material costs!

In all of the years that I have been consulting, I have never uncovered a hidden Law of Transcendental Automation. A CNC Machine tool in

Malaysia is no more cost-effective than its twin in Muskegon, and no less.

The real point is, nothing supports a good marketing strategy like a factory that has reached critical mass, one that can and does respond quickly to customer requests. Today the trend is and will continue to be, towards more and more products being ordered and produced in ever smaller quantities. The economic pressures driving this trend create pressures to minimize inventory risk while constantly subdividing markets in search of new opportunities. It is quite possible, in some industries, for entire product cycles to come and go in the time it takes a container to cross the Pacific. For North American this situation puts a major premium on marketplace responsiveness and your factory reaction time. If you have out sourced your machining, and direct touch value adders you cannot respond to the constant request for new products quickly.

The bottom line is, new products are your customers life blood (not just low prices). An ability to support your customers with a continuous flow of new products is a very sustainable competitive advantage. In this highly competitive world, responsiveness and speed still trump low price. They always have...And they always will!

The Impact of FEAR!!!

In virtually every business that I visit there is reluctance for the people in the organization to speak up about key organizational issues and obvious improvements? Not to me...but to their leadership.

Have you ever heard these questions?

“You’ve got to be careful on that subject.”

“That topic is a third rail.” (I heard this one just last week)

“You can never be fully honest around here.”

“You just never know how (he, she or it) will react.”

“Your not going to tell THEM what I said, are you?”

“Be careful, that lady has a way of getting back at you.”

These questions are a clear indication that FEAR exists in your organization! “FEAR” is feeling threatened by possible repercussions or reprisals as a result of speaking up about work-related concerns, ideas, and suggestions for improvement. Normally when people hear the word FEAR connected with the workplace they think about it in many different ways: fear of change, fear of failure, and fear of the boss (a great example is Dilbert’s pointy haired boss), to name a few. These types of FEAR are background noise...the problem is that a little bit of FEAR goes a long way.

Another problem is that FEAR distracts everyone. It creates a tremendous amount of non-value added activity. By examining what your people are reluctant to discuss and why, you create the opportunity to see how FEAR prevents them from doing their very best work.

Key point...you’re in real trouble if there is FEAR about talking about FEAR.

So why does FEAR persist? The answer is simple...there is little or no trust!

Supervisors and employees do not trust one another. Each side assumes that the other operates from a philosophy of self-interest, and each side is expected to try to achieve its self-interest at the expense of the other. What perpetuates the mistrust? It almost always starts with a negative assumption on the supervisor's part or on the employee's part. What you see is both sides engaging in such activities as: blaming, finger-pointing, excuses, controlling/restricting the flow of information, restricting participation in important decisions, creating us-versus-them distinctions, reinforcing mandated structures, authority and rights, discrediting others, undermining or sabotaging others' efforts, creating dumb rules, and expressing cynicism.

How do you start to attack the FEAR? You start by establishing an environment of trust. Establishing a trusting environment requires changing core behaviors! It's not what you say it's what you do. Actions speak volumes!

Hear are some daily actions that you can take:

- Give credit for good work being done.**
- “Thank You” goes a long way.**
- Take responsibility, rather than making excuses.**
- Share information openly, remember that information is power.**
- Collaborate on important issues, involve the stakeholders.**
- Always use we, rather than creating “us-and-them” distinctions.**
- Focus everyone on a common purpose.**
- Always respect organizational structures and roles.**
- Value each other’s backgrounds and perspectives.**
- Openly voice concerns, criticisms and conflicts in a positive way.**
- Always speak positively about the work, the organization and the future.**

Remember to be patient and persistent. It is the only way to change the assumptions that lead to FEAR! Banish FEAR from your organization.

Do You Hear That?

That soft mournful sound of the bugle playing Taps, it is sounding the end of business... as we know it! The choice is simple, change or become extinct!

It seems like every time that I turn around I hear someone wishing for the good old days to return. What the \$%#@ was so good about them? Frankly, I am becoming weary of the cries for the good old days. Let me refresh your memory. If you're lucky (and don't get laid off after 27 years and lose your pension), you work for thirty years at basically the same job, at the same desk or station, in the same building, with the same boring people, at the same company...you retire with the fake gold watch and ride off into the sunset to die...The thought of that just makes me quiver with unbridled excitement. Boring!!!!

How could any sane person think that this is the kind of life that they would want, or aspire to?

Sadly, you know there are some people that like, not needing to think, not needing to do anything different, they are happy to just exist, going through life taking up space and boring the crap out of the rest of us. All of what I've just said/written about people applies equally to companies.

**I recently saw this quote: by W. Edwards Deming
“It is not necessary to change. Survival is not mandatory.”**

That quote really made me think...he was right...Survival is not mandatory... it's not like death or taxes. You and your company don't need to survive; you can ride off into the sunset and die.

Many companies do it every year. It's your choice! You can choose to champion change. It takes guts...or you can choose to do nothing. I had someone say to me, “there is nothing that I can do, they won't let me.”

My response was...it's always easier to apologize than ask permission...what is the worse thing that could happen...they fire you? They probably would be doing you a favor.

I was recently doing a seminar on Process Improvement when I was asked, who is your competition? My answer was simple...it's doing nothing!

How much change has really taken place in your company... in you personally? You see, it's always easier to do nothing; it's always easier to just say no, to any attempt to try anything different, anything new. It's less risky. It's very easy to do more of the same...until you're extinct, kind of like the dinosaurs.

**Rip off that dinosaur suit... your company needs you NOW!
Become a leader, a champion of change! Forget Taps!
Sound the call to battle, sound Reveille, to wake everyone up, and then
CHARGE!**

The Power and Magic of Lean

I was asked the other day... What is your overall view of Lean Production? I struggled with an answer for a few moments...then it hit me like a bolt of lightning.

Lean is a never ending journey to be the very best, the most innovative, and most effective and efficient organization in any industry. Your never done...look...Toyota has been at it for over fifty years and they're still at it.

The Power and Magic of Lean is to continually discover the millions of hidden opportunities existing all around you and in your business.

Many of you have heard me say, “The performance in your company today is a function of all of the problems that you have taken on and solved...and all of the problems that you have yet to address”. The waste that exists today in your business, is directly associated with all of problems that have not been solved. The bad news is that there will always be problems to solve and waste to be identified and eliminated. On a day-to-day basis, problems and waste seem to grow just like dust in your house.

The good news is...you and your people have virtually unlimited creative energy and ability, that daily, must be challenged, encouraged, empowered, and respected. All of you must be expected to continually identify the waste and solve the problems that created it in the first place.

Continuous improvement must become a way of life for all of you. To do this you must become obsessed with the elimination of all waste: inventory, wasted motion, transportation, quality defects, changeovers, transactions, handoffs and the biggest waste of all the underutilization of your peoples talents and creative ability.

The reality is that Lean is not complicated...but it requires the discipline of a relentless pursuit for perfection by everyone in your business, led by you. You start by asking lots of questions, you encourage experimentation, you appreciate that your people have the

answers and you give them what they need to solve the problems and be successful. Remember Lean is about process!

Setting Aggressive Objectives & Three Levels of Understanding

Last week I was talking to a group of senior managers at a large manufacturing company when the discussion turned to setting objectives. We ended up initially, with three schools of thought: The first group thought that any objective that the company set should be doable. Their argument was that objectives should be reasonable and achievable with a little focused effort.

They felt that this would reinforce an atmosphere of success.

The second group thought that any objective that the company set should be a stretch objective...that it should stretch the abilities of the people "somewhat"...their argument was that stretch objectives could be accomplished with extra effort and focus. They felt that this approach would also reinforce an atmosphere of success.

The third group had a wild and crazy idea. They thought that any objective that the company set should be an incredibly, aggressive objective. It should appear to be absolutely totally out of reach, impossible. Their argument was that doable or stretch objectives did not really challenge the people, departments, the processes or the company. They also questioned how often do people ever exceed the objective. They felt that doable or mild stretch objectives were a waste of time and effort.

I think the third group was on the right track...almost!
I suggested and argued for the following...set incredible, obscenely aggressive, and virtually impossible, beyond reach, objectives. Set objectives that forces you to start ACTING in a very different way. It's the ACTING different that leads you to thinking different. It is the thinking in a different way that leads you to most likely finding that breakthrough idea, that idea redefines you, your department, your company and maybe even your industry.

The immediate reaction was a very uncomfortable silence. Followed by a burst of enthusiastic rejection, followed by quiet reflection, and then reluctant acceptance of the idea. They had accepted the idea, and

intellectually they bought in. However, there is an incredible canyon between intellectually understanding, emotionally understanding and physically doing something different.

The real understanding and buy in, only happens when all three levels, intellectually, emotionally and physically are embraced.

Intellectual understanding is recognizing that something must change.

Emotional understanding is recognizing that you must change.

Physical understanding is when you actually do something different, in other words you put the intellectual and emotional understanding into action.

When someone challenges your thinking, the conventional wisdoms you have embraced, and teases you with a radical new idea, try understanding on all three levels. It will probably make your brain hurt, your heart skip a beat and physically wear you out. But you will feel so good for having tried.

The bottom line...you won't know if the idea has any value until you TRY it.

**Remember, talking and thinking about it isn't doing it.
Doing it is doing it!!!**

Perfecting the Basics

A few months ago, I was sitting in a strategic planning meeting, when one of the directors proposed a very interesting idea; she suggested that the focus of the business should be on doing the basics very well. This was followed by a long period of stunned silence.

She had an extremely valid point, for several years this company had “experimented” with every new management fad that came down the pipe: MBO, MRP, MRPII, TOC, TQM, ERP, Re-engineering, JIT/Lean, and Six-Sigma. They had spent several million dollars with little or no return, and they were getting ready to do it again. The key here is that they were “experimenting”.

Not surprisingly, they have not been successful at any of these and they never will be! These kinds of companies always seem to be looking for someone to blame when they fail, yet again! They always want to point the finger at anyone but themselves.

The reason? Simple...they do not have the discipline, to even do the basics! There has been no ownership or accountability for performance or results. Our experience has been that the companies that fail at the basics will fail at the advanced stuff every time.

Think for a minute, how ridiculous can you be, expecting to utilize advanced business improvement techniques when you can't even do the basics!

The basics are fundamental; remember the line from the movie Bull Durham, “this is an easy game...you throw the ball, you catch the ball you hit the ball”...the fundamentals...the basics. There is also a great line about the team being a bunch of lollygaggers...

I digress; the point is that if your fundamentals aren't sound, it is practically impossible to effectively implement advanced techniques. That's why every spring the major leagues have spring training...to correct defects and reinforce the fundamentals, to get back to the basics.

How about a fundamentals check up for your business?

Answer these ten questions, 10 points each, yes or no!

-A yes answer can be qualified and substantiated with documentation.

-A no answer is, no we don't do that or have that.

These questions represent doing the basics...

- 1. Mission, Vision and Value Statements are understood and used as a guide by everyone in your business?**
- 2. A Strategic Plan exists and is being acted on, with performance to the plan being tracked weekly, monthly and quarterly?**
- 3. Your Performance Measurements track operational performance on an hourly, daily, weekly monthly basis?**
- 4. Your information data-bases (customer, engineering, materials, inventory, and supplier) are accurate, and you measure their accuracy?**
- 5. You have business, sales and operating plans in total and by product line, and in dollars and units, also are they updated at least weekly/monthly?**
- 6. You do not have, month end and/or quarter end pushes in sales (bookings), production, or shipment (revenue)?**
- 7. ALL of your business processes are defined, documented, and updated regularly, and you have an audit process to insure compliance.**
- 8. You identify and document problems as they occur, where they occur?**
- 9. The people in your business are rewarded based on overall business results (not departmental or personal performance)?**
- 10. You mandate that, your people allocate at least one hour each day to solving problems? Do you track the number of problems solved and the return on the investment?**

Ok, now add up your score, 10 points for each yes, 0 points for each no, (there is no almost, kind of, sort of...) it's either yes or no!

Any score under 70 points...your focus should be on the fundamentals (attempting to do anything more than that, is what we would call a reload...that is ...you shoot yourself in your right foot and then reload and do it again, this time to your left foot).

A score of 80 points...you're well on your way, clean up the areas that need it and move forward.

A score of 90 – 100 points...you're ready and well prepared for advanced techniques, and quite frankly you are well positioned for success...because you have a great set of basic disciplines.

A final thought...over the years we have had an opportunity to work with and visit some of the highest performing companies in the world. Probably the single most outstanding attribute that they all share is that they have the discipline to insure that the basics, the fundamentals are always in place and working right every day!

A final, final thought, as I write this observation the Masters Golf Tournament is about to begin in Augusta, Georgia. I can think of no better example to illustrate my point. The gentlemen that play this game at this level of competition got there one way and one way only...they have mastered the basics, the fundamentals, at such a level that they are world class. They are the very best at what they do.

Greed is Good?

I have really been struggling with this observation for quite a while. Many of the managers in the companies that we visit seem to be more concerned about themselves, than the people they work with or the people that work for them. They don't seem to recognize the impact that poor decisions or lack of action has on their people or the community they live in. Traditionally, when things get tough, the people who have the least impact on how the company reacts...always seem to be the first to be laid off.

Let me give you an example, a company that we were working with late last year, went through their third layoff and then a fourth this past month. In the prior couple of years this company had some great results, huge levels of profitability, they retired well over one hundred million in debt. They would only have been able to do this with the help of the people that they were laying off. Now, financially this company is and has been in great shape, and please don't get me wrong, retiring debt is a good thing to do. But...how about retiring eighty or ninety million in debt and hanging on to the people that helped you when times were good? The interesting thing about this company is that business last year was down from the planned or budgeted level, but not very far off (less than 5%) from the prior year. Laying all of those people off was a reflection of pure GREED by the owner.

Managing and then moving into ownership made the owner very wealthy...with the help of lots of people. The owner seems to have forgotten that. The impact of laying off people in this small community was dramatic. I have had the opportunity to discuss this topic with several owners and leaders in a variety of businesses.

One of the underlying issues that came out of those discussions was the "lack of loyalty" on the part of the employee... And when I talk to employees they raise the same issue on the part of the employer. As an owner, loyalty should start with you, PERIOD. When you offer a person a job you should expect them to do that job to the best of their ability (and even help them improve their abilities)...and they should expect

that the decisions that you make and that the actions that you take will protect their jobs into the future.

When was the last time that you heard of a management team reducing their compensation packages when times went bad rather than laying off the workers? In some cases, these greedy people have let workers go and then given themselves bonuses for having improved the bottom line. What a bunch of *%\$#@*&!!!!

The leadership directs the business, sets the plans, makes the decisions and either acts or directs the actions of the people in the organization. I think that its time for them to step up and bite the bullet first.

Don't get me wrong, sometimes the only way to save the business is to reduce the workforce and cut expenses...but when it truly is necessary, it should start at the top not at the bottom.

GREED is not good!!

Being an “EXTREMIST” at Everything!

I have decided that I am going to work very hard at being an “Extremist” at everything that I think, say and do!

Enough with the conventional wisdom of “everything in moderation”...that’s just plain boring!

I was asked to define extremism the other day...here is what I came up with. I defined extremism as... farthest away, excessive, inordinate, extravagant, outrageous, unreasonable, irrational, improper, preposterous, fanatical, exaggerated, monstrous, unrestrained, desperate, unconventional, unseemly, beyond control, radical and drastic!

Sorry now that I think about it...I don’t think that these words are extreme enough!

Do you (can you) act like an extremist? Talk about a tough job! It’s hard to stay on the bleeding edge! It’s always easier to conform, to be one of the heard, to flock...

Business today, tomorrow... requires a totally different perspective. The days of more of the same, dooms you. In other words, you become extinct (think dinosaur) and you don’t even know it happened (think giant asteroid).

Business today is changing at such a rapid rate that if we (collectively) don’t change our approach to EVERYTHING we do, we will be gone (a mere memory, if were lucky), before we know it!!! One of the very best definitions of insanity that I have come across is “doing more of the same and expecting different results”

...In reality, doing more of the same...means that you will most probably, at best, get more of the same kinds of results. In other words, you will get what you have been getting, nothing more and potentially

less. I believe that it's insane to continue down the same boring well-worn path. By the way, so do your customers.

To be successful in business today requires doing things extremely different if you want to survive...thrive...and dominate.

It's time for EXTREMIST ACTION...you can't think yourself into acting differently; you can only ACT your way into thinking differently!

OK, so lets assume (think Felix Unger) you buy into the notion of EXTREMISM...how in the world do you start?

First, change you title, (for example, my title is "Professional Provoker", it's on my business card, it's what I do, thank you very much)... Pick a title that represents what you want to do...how you want to be perceived ("I am the Greatest"...don't need to tell you who that is...do I) in your business. Hint: there is a lot in a title. For example: how can you claim the title of "Professional Provoker" and not be one and do that? How can you claim, "I am the Greatest" and not be? Take some time and think about this...what messages do you want to send and what actions must be taken? Make sure your title send those messages and compels you to take the necessary actions.

Second, your role now must be to become the leader of EXTREME ACTION. Start acting like a leader. Leaders, lead from the front...they are the first one into the gap. They lead by example! They set the tone and establish the expected behaviors. They are the people that we look up to and follow. Be brave, the future of your business is at stake.

Third, you must do this...in your work, or department, or company, do something so different, so radical, that people think your crazy, that they think that you have gone over the edge...that you've lost it big time. Have fun with it! Hint: make sure that it is/has been perceived as impossible by the people in the know ("It's kind of fun to do the impossible" Walt Disney). Hint: If people don't tell you your crazy, that's impossible, it's not extreme enough! Who knows you might create a breakthrough...smash the paradigms that keep you doing what you always have...remember EXTREMIST ACTION takes no

prisoners, no white flag, no truce, no quarter...you can never be satisfied, it can never be extreme enough. EXTREMIST ACTION is doing the impossible! Another thought, don't confuse "talking" about doing something different with actually doing something different. Talking is not doing!

Fourth, you must try different things...and you must keep trying, never give up, try again, and again and again. No one ever gets it right the first time, or the second or the third...Remember it took Thomas Edison twenty thousand try's over twenty years to change the way we see at night. How many people (when he was doing these experiments) thought he was crazy? Answer...just about every one.

One of my all time favorite quotes:

"Every really new idea looks crazy at first." Abraham H. Maslow

As part of trying different things, make sure that you are looking at other industries. Innovative ideas almost always come from outside your industry. The things that appear to be impossible in your job, department, company or industry may have already been accomplished in a different one.

It's OK to copy other peoples ideas, be sure to give credit and don't violate any laws, but it's Ok. Also, make sure that you put your spin on it, that idea is only valuable when it's applied to your needs and solves your problems. In addition, don't overlook the power of getting pissed off (please see my observation, "It's Time to Get Pissed Off"). Pissed off people take action...they have to they can't take it anymore! Very few things in this world are as powerful as the brain of a pissed off person. Leverage that brainpower.

Fifth, think back...what were the really cool products or services that you EXPERIENCED in the recent past, how did they make you feel, did they move you, did they make you tingle all over, did they shake your world? Were you first thoughts...WOW; I wish that I had come up with that! That is what you are trying to do, that's what you are trying to create. In other words, you will know it when you FEEL it.

You're right, this is a fairly radical approach to business or life, but when you think about it, the really COOL stuff almost always happens

at the bleeding edge. It almost always is the result of crazy people doing stuff, making the impossible real. A final quote, from the famous Jessie James (chopper builder extraordinaire from West Cost Choppers and of Monster Garage fame) “If I have to explain what’s cool to you, you won’t get it!”

EXTREMIST ACTION IS...VERY COOL!

If you are a leader of your organization, at least have the guts to try something different. I always tell the people that we work with; I would rather be fired for trying different stuff than get laid off because I did more of the same.

This thinking will probably cost us some work with the faint of heart, but frankly, it’s work that we probably don’t want anyway. If you want help with EXTREMIST ACTION call us...we can help!

An "EXPERIENCE"

When was it? You know...the last time that you had an "EXPERIENCE".

I was visiting a company a few days ago when the discussion turned to those darn customers...the eternally elusive "never satisfied customer"...we still, even today hold and applaud that ideal. We talk about "service" and "quality" as key drivers and attributes of value added from our perspective (most of us not caring what the customers perspective might be).

I am working hard at becoming an extremist at everything...so here goes...I totally reject the entire notion of "satisfied customers"! I think it's dumb and a waste of time and effort...today, tomorrow, next week... it doesn't go nearly far enough!

I propose a different approach...instead lets create an "EXPERIENCE" for our customers, something so profound that it shapes their perspective as to what is now acceptable performance from a supplier/partner. An "EXPERIENCE" that redefines the paradigm for your entire industry...while at the same time, putting your company solidly so far out in front of the competition that there isn't any! The key is that the experience must trigger a deep emotional response (like when Old Yeller died). This type of "EXPERIENCE" is never forgotten and it leaves an indelible never fading memory. A warm feeling that goes way beyond satisfaction...for it to truly to be a full fledged "EXPERIENCE" it must make your world and your customers world wobble on it's axis.

Think back...when was the last time that you had an "EXPERIENCE"? More importantly when was the last time you gave your customers one? Anyway that's what I think...how about you?

"Me Too"..."Me Too"...."Me Too"!!!

Now that I have your attention...being competitive... frankly is no big deal! In other words so what?

Your competitive...that means customers have a choice and you're not necessarily the one that they will choose.

Now...does that make you feel better? I don't think so!

Let's start with a different perspective...at minimum, let's settle for being the most dominant player in the game. Anything less is unacceptable!

The other day I was visiting a company that repairs systems and the discussion centered on the turnaround times that would make them competitive again. As I sat there and listened to the discussion, I became troubled, all the work that we would put into the improvement effort, that would make us competitive, would only just do that.

We could then claim to be a “ME TOO”. What a waste of time! Big deal!

Frankly, I was upset! Being a “ME TOO” leaves something to be desired! I asked the following question, if fifteen days makes us competitive what turnaround time frame would distance us from the very best today? That raised lots of discussion, almost all of it very positive. The attitudes started to change, ten days would match us up with the best and five days would redefine the market with us as the DOMINATE PLAYER. They settled for being dominate, and their improvement effort will now make that happen.

Forget about being competitive. It's a waste of time and resource! Lets dominate, let's position ourselves and our improvement efforts to absolutely maximize the potential, lets not settle for being a “ME TOO”.

Business is not Hockey!!

Do any of the following situations exist in your company?

- 1. More orders/product/dollars ship out the last ten days of the month than in the prior twenty?**
- 2. More bookings occur in the last few weeks of the quarter than in all of the prior weeks?**
- 3. Are there any orders past due to customers?**
- 4. Do you ship orders “early” to try to make the revenue target for the current month?**
- 5. Do you work lots of overtime and expedite materials for production at the end of the month and then not have enough work early in the new month to keep everyone working?**
- 6. Does engineering constantly miss its schedules and deliver design late or incomplete to production?**
- 7. Do actual bookings ever match the sales forecast?**

If you were like most companies that we have visited (and some that we should), your answers would be: YES, YES, YES, YES, YES, YES, and a qualified YES eventually...

These Hockey Sticks will kill you! Linearity is the GOAL!

These YES answers are indicators of some very fundamental problems and probably a serious lack of discipline in your company. Most people won't look at the business critical issues until it's too late, and then there is very little that they can do about it, except panic.

The good news is that they are all fixable. Now the bad news...most of you won't fix it...because it means changing your approach to the way you do things every day. You see, I firmly feel that there are a few critical things that you should know about in your business every day, not once a month after the financials come out for the prior month. On the other hand if you want to fix it...let me get you started. About 25 years ago I was visiting a company down south (in a dry county) on a weeklong consulting assignment. The general manager, Landis Morgan, really had it figured out. His advice to me was simple and direct and I want to share it with you.

He said “ Make your numbers every hour of every day and you make your week, make every week and you make the month and if you make every month, you make the quarter, and if you make every quarter you won’t get help from corporate”. That’s how he ran the business. The performance tracking that he looked at every hour or so, showed him the business critical issues that either made or broke the business.

Now a few questions: Have you clearly identified your business critical issues? Have you established a performance plan for them? Do you have the ability to track your performance to them on a daily basis? Do you have the guts to try? Do you have the guts to take corrective action when it’s necessary?

If you need help doing these things, call us, we can help!

How Do We Keep Manufacturing Jobs in the USA?...Declare War!!!

The bottom line is this...the wealth created over the past 300+ years in the USA is the direct result of our ability to convert our vast resources into products that people want to buy. Historically we have been the very best at doing this in the world. From the Springfield Manufacturing Company to Cisco Systems we have dominated the world with innovation, technical, manufacturing and distribution expertise...our vast production ability turned the tide in World War I and II. We even turned back the tide of the Soviet Union. We are now leading the war on terrorism and we will win it. It is this creation of wealth that has made us the great nation that we are and has given us the standard of living that is the envy of the world.

Even the management tools that almost every manufacturer embraces today, MRPII/ERP, JIT/Lean, Six Sigma were all invented here in the good old US of A. It's now time to turn our attention to the War for Jobs. This is a war that will not be won by just being competitive. Jobs will continue to migrate into areas where the products/services can be produced at a lower cost...

Everyone...that's right...everyone must fight this war. We must get serious about eliminating the waste in our companies. A value added to non-value added ratio of 5% to 95% in the typical product/service delivery system is not competitive. What this means, is that only 5% of the time we are doing something that the customer feels is value added. It's no wonder that they go looking elsewhere!

The identification and then the elimination of waste and the minimization of cost added activities must be at the heart of our crusade. Every effort must be focused on reducing the TIME that it takes us to do everything. By becoming obsessive about time, it forces you to look at everything that you do, and question is this even necessary, is there a better way to do it, should someone else be doing this ...

The very best tool for identifying the waste, cost added activities and the time that your processes take is Value Stream Mapping.

The very best way to launch the first salvo in the War for Jobs is to Value Stream Map your most critical processes...and then fix them quickly (30-60-90 days).

This won't make you competitive...It will make you dominate.

It's Time to Get Pissed Off!!!

It's time for everyone to get pissed off...you, me, everyone!!!! Top Management, Operating Management, Supervisors, and especially the Workforce!

Pissed off you say...YES!

The other day I was talking to a few people at a clients office and the discussion turned to Innovation. We were exploring how innovation happens and the debate raged...several of the people credited market research, others suggested carefully crafted focus groups. I suggested that neither was correct...

I suggested that innovation has its roots in people who just can't stand the current situation: mad customers, poor profits, long lead-times in: product design, in customer order entry, in manufacturing, poor product performance, layoffs, jobs moving overseas...in other words the current situation in many businesses.

These are the people that come up with innovative solutions to problems that everyone else has said is impossible to solve. We can fix the current situation, all we need to do is to get mad as hell and do it. Were the only ones that can!

It's Time to Get Started!

I suggest that, if your not happy with the current situation, get pissed off and go fix it!!!

I have decided that from now on, I will not be happy unless I am madder than hell about something! I am mad at the dumb stuff that I

see in virtually every company that I visit. I am mad at the loss of manufacturing jobs across the US. I am even madder at the leadership (lack there of) of the management. I am mad at the workers that fight any change just because it's a change. I am mad at the customers that accept the garbage that their suppliers send them and the lies that they are told...

Give me a minute to catch my breath...

It's time to get mad, to get pissed off, to do something about the current situation. NOW!!!

GET MAD! GET PISSED OFF! And then do something about it!

You Can't Let the DARK SIDE WIN!

No matter what, you can't let the DARK SIDE WIN. You can't give up...you can't give in. To quote Gunny Highway from the movie Heartbreak Ridge "You persevere, you overcome, you adapt, never give up".

We had a set back in one of our clients last week. The middle management has dug further into their foxholes, and they continue to act to bolster their personal benefit rather than the companies.

They won the initial battle, and that's a real shame!

They proved that cellular/flow production; workplace organization, set-up reduction and process improvement won't work at their company.

They proved that if they continue to do the things they have been doing (little or nothing) they would persevere, at least in the short run.

They are extremely happy that were not there, shining a light on their inactivity.

They continue to demonstrate the behaviors, typical of company's that no longer exist, it's as if they want to follow that same path!

They talk about all the reasons why it won't work here, not what and how they must change to make it happen.

They delay and delay and delay. You get my point.

Even sadder, this company is on the edge, their in trouble, everyone there knows it, yet they won't do anything different. It's only a matter of time...

That's the bad news...the good news is that there is a small group of rebels, radicals, revolutionaries, people who howl at the moon, who haven't given up. They continue to try to move forward, to solve problems, and to try to make progress... These people can have an

impact, they can save the day and beat back the DARK SIDE if their given a chance.

The Effective Executive?

I recently had a discussion with a number of executives about their effectiveness; following are the key points from that conversation.

...I think that most of us will agree...Executive Effectiveness is closely linked to leadership ability, but I also think that there is more to it than that.

Many of us would be quick to point out that an effective executive requires many attributes to be truly effective – integrity, intelligence, conceptual thinking ability, good communication skills and so on...however I think that there are four attributes that stand out as critical:

A sense of purpose or mission – This is the result of being able to define something beyond oneself that is worthy of one's best effort, as well as having something within you that compels you to apply your energy and creativity towards achieving it. This is what Dr. Maslow called “self-actualization.” There also seems to be a passionate, single-minded, consistent, focus on the mission.

A sense of authority – The people who possess this attribute seem as though they were meant to be in charge. They neither doubt or question that leadership was destined to be their role in life. They accept the mantle of leadership without a trace of arrogance, regarding it as less than a divine right or responsibility. These people allow for and encourage input from a wide variety of sources. They are able to embrace and accept criticism and even failure without feeling diminished by it. They leave no doubt as to who is in charge and no need to say much about it.

A calm intensity – A calm intensity is the ability to move relentlessly ahead toward a goal without giving into stress or causing undue stress in others. It is the ability to stimulate, motivate, and energize a person or an organization to function at peak potential – without driving people or causing them to feel pressure or blame, guilt, or fear. This person, helps people to set stretch objectives and provides the support they need to reach them. He or she remains calm under pressure, while exuding competence, confidence and a can do attitude.

Finally an effective executive really, above all CARES – about us, about what we are doing, and how things ultimately turn out.

The Wrong questions Might Bring Out The Right Answer!

Over the years (this might surprise you), I have occasionally... been accused of not always being Politically Correct? As you know, in this day and age it's pretty hard to always be PC. When you're trying to deliberately provoke someone into thinking about something in a different way, it's darn near impossible!

When you're trying to get people to think “outside the box” (I HATE THAT EXPRESSION!!!) asking the same...old... tired questions will only yield the same...old...tired answers (like: when you ask why do you do that, you hear, we have always done it that way).

Wild, outrageous, wacky, and maybe even (a little) offensive questions will shake up employees and shake out new ideas. They open eyes and minds; they spark ideas and innovation, explode dogma, and create sense out of nonsense.

Slowly but surely, businesspeople (PC) are beginning to understand the importance of out-of-the-box thinking, innovation, creativity...in developing breakthrough strategy, policy, products, or services!

Personally,

I like quirky questions!

Cage-rattling questions!

Process Questions!

Shake-them-up questions that ignite discussion, controversy, spark creativity, and facilitate idea generation!

Questions that accent the negative to uncover the positive!

I like questions that force individuals to think in new ways about old problems. They should also spark unconventional ways to look at conventional problems.

**Over the years I have seen this approach work very well!
Here's why! It makes solving difficult problems easier and solving
unpleasant problems fun. Try adopting this type of Questioning.**

I dare you!

Increasing Your Companies Value

Successful executives are highly focused on one fundamental goal:

“Increasing the value of their company while simultaneously honoring the social responsibilities of their company”.

Increasing the value of their company typically involves doing three things very well:

First, executives determine a strategic direction that will increase the value of the company.

Second, they identify a methodology, and infrastructure that best support the defined strategic direction.

Third, the methodology and infrastructure are then used to align the organizational activities and resources to support the determined strategy.

With this approach, a number of strategies can be employed. The most common strategies address profitable revenue growth as well as a lowering of the business cost structure. Here are several examples of goals or imperatives that we have seen many times: increase key customer retention, increase customer value through product enhancement, reduce cycle times on all processes, and leverage economies of scale...The key is that the goals or imperatives support the strategies and provide focus for the organization.

The methodologies to accomplish these goals have been plentiful over the past thirty years: MRP, MRPII, ERP, TOC, JIT, TQM, Lean, Process Improvement, Reengineering, Process Management, Six - Sigma...and so on.

What I find very interesting is that the same companies that were unsuccessful at implementing MRP, thirty years ago, are the same ones that were unsuccessful at MRPII or ERP or JIT or TQM...you get my point?

They will also probably fail at everything new that they try, including Six-Sigma.

I think that these failures are the result of one thing, a lack of leadership. The latest rage, Six-Sigma serves as a great example. The companies that have been wildly successful, General Electric, Allied Signal, Motorola, all have/had powerful leadership. Not just the go do it mandate! These companies had leaders that were passionate about and understood the methodology and the necessary infrastructure to make Six-Sigma in their company a reality; it became the “WAY” they did business.

They were involved in the: education, training and they even participated in Six Sigma improvement projects.

They are impatient and demanding and want results NOW!

They invested their personal time and energy at every opportunity.

They hold the people that worked with them accountable for the results, the return on their investment, as well as the discipline to sustain the improvement effort.

They also made the necessary, tough decisions on their talent or lack thereof.

They have been at “IT” for an extended period of time, ten years or longer.

They don’t jump from one program to the next every ninety days. Another great example... Toyota, has been at “IT” for over fifty years, and if you ask them their still not done.

The bottom line...Increasing Value requires Leadership. It’s not the methodologies!!!

It’s about Leadership, PERIOD!

Lead, Follow, or get the He&% out of the way!

I had the opportunity the other day to sit through a senior level management workshop on leadership sponsored by Dr. Michael Hammer of “Re-engineering the Corporation” fame!

Admittedly, my experience has been that there is nothing more important than leadership, from the front not the top! Leadership has been known to even help narrow the talent gap!

The list of leadership “must do’s”, that was developed by the people that attended the workshop included:

- Articulate the vision and strategy every chance that you get, every hour, every day, every week, always!
- Communicate and motivate! **ALWAYS!**
- Passion!!! **ALWAYS!**
- Flush the losers, **NOW!**
- Remove the barriers, **NOW!**
- Allocate the resources, if it’s worth doing make the investment. **NOW!**
- Energy!!! **LOTS and LOTS!**
- Appoint Process Owners, give them the authority, resources, get out of the way, and hold them responsible for the results!
- Invest your personal time, this gives everyone else permission!
- Institutionalize the improvements; they must become the “WAY” we do things!
- Metrics must be process oriented, not results oriented!

- Learn to only ask process-oriented questions!
- Change the organization structure, NOW! You are organized to support the way that you do business today, if you are going to do business differently your organization structure must change!
- Must change the way people think! That only happens through education and training...
- Educate, educate, educate, train, train, and train some more, you can never do too much of either...
- Set very aggressive, outrageous goals...no company that we have encountered has ever exceeded its goals. Raise the bar every hour, every day, every week, every month, every quarter, always...
- Most importantly do it NOW!!!

Now that's a list of "To Do's". How many are you doing every day? The "To Do's" are nice...but they must be grounded in three ways: Facts, Emotions, and Symbols.

More on this in a future Observation...

Implementing Six-Sigma or Putting the 80/20 rule into Perspective

The facts are in, the tools of Six-Sigma and TQM work flawlessly, but over 90% of the implementations fail. The failure is caused by the implementation approach not the methodology.

I think, where most companies go wrong is that they pursue Improvement Programs (ERP, JIT/Lean, TQM, Reengineering, Process Redesign, Six-Sigma...) with an “All-or-Nothing” approach. Here is an example: the company took an “all-or-nothing” approach to _____(insert your program): hundreds of teams, weeks of training. Months went by, and years went by with little or nothing to show for it. Ultimately it faded into the background to be replaced by the newest program of the month.

Most of the more highly recognized approaches to Six Sigma implementation take the same “All-or-Nothing” approach that requires massive investments in training (senior management, champions, master black belts, black belts, and green belts...) and could take up to a year before you start seeing the benefits.

This “bet the business” approach is risky and potentially hazardous. We recommend a different approach...an approach that will let you maximize your return while minimizing your initial investment.

Forget the 80/20 Rule! In case after case working with many different companies, I have found that less than 4% of what you do (or don’t do) in your business causes over 50% of the waste (rework, defects, scrap, inspection, cost over runs, and lost profits). So forget the old 80/20 Rule. Narrow your focus even further to maximize your gains and minimize your Six Sigma startup costs. Think 4/50 Rule!

The dark side of the 4/50 Rule is that, 50% of your effort only produces 4% of the benefit. Why waste your hard earned dollars by spreading them over the entire organization, when you can focus and achieve results that pay back big, in a few key areas. Start small, focus on

mission critical issues, and drive for results. Our experience has been that it only takes a few days to find and solve some of the key problems in any business. It may, however, take a little longer to implement the solutions, but better sooner than never. Remember the Ready, Aim, FIRE...FIRE...FIRE...FIRE...Aim, FIRE...FIRE...

We recommend that you only involve 4% of your people in the initial wave, in the business units that have proven with bottom line results that they can master improvement methods.

In a small business, this might only be two people looking at data for a day or two. In a larger business this might be six to eight people. We recommend that you start small with Six Sigma (or JIT/Lean), so that you have time to understand and adapt the approach to your business. I call this learning how to “CRAWL”. Next you learn how to WALK, you add another 4% and then another 4%. Before you know it your RUNNING!

Here is why this approach works: Research into how groups of people adopt, adapt or reject changes to who, what, where, how, and when, proves that transformational changes begin with 5% of the work force. After several waves of successful improvement, these initial pioneers will pave the way for the settlers and create the “critical mass” necessary to successfully embrace a change like Six-Sigma. To allow it to take root, grow, flourish, and spread across the organization.

It's just plain dumb to introduce advanced improvement techniques into businesses that have not demonstrated the ability to master basic improvement techniques. It's like burning thousand dollar bills to light your cigar. It's a waste of money and spoils the cigar!

Understanding the Impact of Six Sigma

Six-Sigma has been defined as an aggressive method for breakthrough (problem solving) improvement in speed, quality and cost. When properly implemented, Six-Sigma should focus on bottom line results, not training.

Instead of measuring errors or defects in percentages, you measure them in parts per million or defects per million (PPM/DPM).

Our experience has been that most processes have error rates of 10/20/30% (100,000 - 300,000 PPM/DPM – 2/3Sigma). When the economy turns down or sales heats up, the costs of fixing these defects (please see the observation titled, “Every Company Has Two Factories”) can, and normally does put a strangle hold on the company.

Over time, these processes can and usually improve (using focused, team problem solving) to an error rate of around 3% (30,000 PPM/DPM – 3.5 Sigma), but it’s slow, normally expensive, and takes a committed investment in time and effort. Most companies can be profitable at this level of performance so most companies fail to improve any further. This failure to continue to improve leaves you vulnerable to the competitors who are!

A simplified approach:

- 1. A Six-Sigma improvement effort does not need to be expensive!**
- 2. A Six-Sigma level of performance may not even be necessary or cost effective for your company!**

Let me explain: most companies spend \$15,000 - \$40,000 to train a “black belt” in all of the exotic statistical tools necessary to solve all of the possible problems in a manufacturing or service company. But to improve your performance from 3 Sigma (30,000 PPM/DPM) to 5 Sigma (300 PPM/DPM), you really don’t ever need all of the exotic statistical tools; you only really need to follow a basic problem solving

method, like PDCA (plan – do – check – act). Have you ever noticed that to maximize your results in any endeavor you don't usually need to know everything (80/20), just the few essential? The same is absolutely true for a Six-Sigma improvement effort.

With the tools that are provided in a basic problem method (pareto, check sheets, cause and effect, and pre-control charts) most companies can easily and have routinely found ways to save major dollars and dramatically impact the bottom line by investing in solving the problems.

Think about it, if it costs \$10 to correct just one error, then going from 30,000 PPM/DPM to 300 PPM/DPM will prevent 29,700 errors and save \$297,000. On the other hand, there are additional costs associated with continuing to correct an error: lost productivity, downstream costs, lost sales...(remember the “Rule of 10’s”). In reality, a typical defect or error can cost \$50 to \$100 or more to correct when you include all of the related costs.

Talk about a shrinking bottom line.

If you and your company haven't mastered a “Basic Problem Solving Method” what makes you think you will be able to master the Six-Sigma Method? You and your people should earn the right to utilize advanced problem solving methods like Six-Sigma. All the money necessary to enhance the bottom line of your company is already available; you're just spending it on the wrong stuff, like error correction.

Every company has Two "Factories"

Every company has two “FACTORIES”: the main one that initially creates and delivers your products or services, and the hidden “**“FIX-IT-BEFORE-IT-SHIPS”** factory that cleans up all of the identified defects, mistakes and errors that occurred in the main factory. The key word here is “**identified**”.

If you’re a 3-Sigma level company, the ““FIX-IT-BEFORE-IT-SHIPS”** factory and those 30,000 defects per million (PPM) are probably costing you \$25 - \$40 of every \$100 you spend. If you’re a \$100 million company, that’s \$25 - \$40 million that could be added back to your bottom line using the common sciences of Lean and Six Sigma. Another way to think about this; mentally line up two or three high end Mercedes-Benz’s and then push them off a cliff into the ocean...every day!**

How do you eliminate the ““FIX-IT-BEFORE-IT-SHIPS”** factory?**

- 1. Double Your Speed – eliminate delay and idle time.** Most companies have extensive delays built into their processes. It usually takes no more than two days to Value Stream/Flowchart the process, identify and eliminate the waste, and slash your cycle time by **50% or more**, if you put your mind to it!
- 2. Double Your Quality – by reducing your defects, mistakes and errors by **50% or more**.** Using your existing data, you can identify where to search for the hidden opportunities (the Gold Mines) in your business in as little as three days. Properly focused, teams can find the root causes of the common defects, mistakes and errors in one day or less, if you put your mind to it!

If you put your mind to it...is the KEY. The tendency is to identify all of the reasons why it can’t be done. Instead, lets focus on what must be done to make it happen **NOW!**

By slashing the cost and delays associated with the “**“FIX-IT-BEFORE-IT-SHIPS”** factory, you can dramatically increase your **PROFITS** today...if you put your mind to it.

Lean Does Not Mean Lame

**They (YOU KNOW WHO YOU ARE) are at it again!!!
The same people that used the term Reengineering when they really
mean restructuring (DOWNSIZING) are starting to use LEAN when
they really mean DOWNSIZING.**

For the sake of short-term positive financials some companies have gone so far into LEAN (DOWN SIZING) that they are unable to even respond to customer inquiries! Even when they finally get around to them its frequently too late! The customer has gone somewhere else. And they have the GAUL to blame this lack of response on their “LEAN” initiative!

What a bunch of #*%&\$@*!!!!!!

Lean doesn't mean LAME. Lean means focusing on and improving the Value Stream of the process that your customers utilize to gain a dominant position. It means identifying the waste and non-value added elements and then eliminating them quickly. Thus sharing the increased value obtained with their customers and growing their business as well as yours. Don't let them get away with it! When they must reduce the workforce at least they should have the GUTS to admit that they haven't done a good job of running the business, not blame it on a LEAN initiative.

That's what I think! How about you?

High Performance Businesses Solve Problems Every Day!

(Hint!!!) That's how they became a high performance business and that's how they stay that way.

Question: Do you agree, that the performance levels in your business today could be a result of the problems that have been solved, as well as the ones that are yet to be addressed?

With that understanding... Why is problem solving not considered “WORK”?

Fabrication, machining, assembly and packaging are all considered “WORK” in most businesses. Even order entry and quoting are considered work. In fact performance in these areas is usually tracked with efficiency, utilization and productivity measures out several decimal places (at some cost). So... WHY is Problem Solving not considered “WORK”?

I think maybe I have an answer or better yet an excuse? ...

We haven't had a viable way to measure the return on our investment. It is very difficult if not impossible to point to a problem solving effort and specifically identify the payback or bottom line impact. In other words, how do you show or prove that solving this specific problem resulted in this specific dollar improvement on the bottom line?

Please don't get me wrong, solving a problem may well result in the payback that was initially identified, but how do you know for sure? Could something else have caused that positive effect on the bottom line? How do you know for sure?

Another question, do you really think that by solving one problem you're going to have a bottom line impact?

You could add a number of accounting people to watch and crunch the numbers more closely, but that additional cost may outweigh the savings! Or...you can take a leap of faith...

The other day I was working on arrangements for the president of a company that we are starting to work with to visit a company that we have worked with for a while. When he asked me, why would they let us come in and see what they are doing? My answer was simple...they don't care if you see what they are doing NOW! Even if you go back to your company, copy it and implement what you saw today you would be copying old stuff. They are improving at such a rate that it really doesn't matter if you see what they are doing today; by tomorrow it will be different and better.

How is that possible?

It's purely a function of their rate of problem solving. The more problems that are solved the higher their performance, operationally as well as financially. They are investing an average of three (3) hours a week per person (they have been doing this for several years) in a focused problem solving process on problems. These are problems that they identified as non-value adding in the value stream for their customers. As they solve these problems, their customers see the impact and reward them, by giving them even more business.

Is it worth the investment? I don't think that they would keep doing it if there has not been a significant bottom line payback!!! DO YOU?

Who Is Your Professional Provoker

Last week I was talking to the Vice President of Manufacturing for a company that makes custom engineered-to order high-precision products. His company has been one of our clients for several years. During our conversation he said several things that reminded me of our “JOB”. He reminded me that I had made him mad several times when we first met.

Our “JOB” is to provoke, to challenge, to get your people to think about their problems and potential solutions from a totally different perspective. Our “JOB” is to tweak the nose of “Conventional Wisdom” and then assist in helping solve the problems. Let me give you a few examples.

During the very first educational program for the senior management team, the discussion turned to experience. Several of the attendees claimed to have over twenty-five years...I challenged that. My response was that if they had been doing the same job for twenty-five years they only had one year of experience...twenty-five times...I must tell you, that statement made more than a few of them mad! Remember the vice president... before he became the vice president he was the plant manager of a new start-up plant. He had to teach people who had never seen a grinder how to grind the parts that are used in their products. He was amazed to learn that in six months these new operators could perform at higher levels of productivity and quality than operators that had twenty-five years of experience. Please understand, I think experience is wonderful. However, at what point do you quit learning? At what point does your brain shift into neutral? In your company, can you think of any job that can't be mastered in twelve to eighteen months?

Here is another example: During that same educational program we started to discuss cellular or flow production. Within their production process is a “Monument”. Their “Monument” is heat-treating. It is designed as a large batch, long-cycle-time operation that is stuck smack in the middle of the production process. Every other operation in the process could be accomplished in small lot sizes and much shorter cycle times. The mind set was that cellular or flow production was impossible.

My response was to tell them they were right...assuming that they were not willing to take on and deal with the “Monument”! I am very happy to say that today, with a technological breakthrough, we are able to process component parts in a one-piece flow through the entire process. Our lead time has gone from sixteen weeks to forty-eight hours -- raw materials to finished goods in the box and ready to ship! This never would have happened without challenging the “Monument”.

Whose “JOB” is it to be the “Professional Provoker” in your company?

Who challenges the conventional wisdom?

Do you tolerate the status quo? Who takes on the “Monuments”, the “Sacred Cows”, and the Conventional Wisdom?

Are you willing to become, and do you have the guts to be, the “Professional Provoker” at your company?

All of the Easy Stuff Has Been Done

Last week we were visiting a company that we have been working with for a couple of years and I was searching for a way to explain what we really had accomplished so far.

It came to me in a flash...

All of the easy stuff had already been done! All of the low hanging fruit had been picked. It was time to face up to the fact that to continue the improvement effort we would need to attack the tough stuff.

Several years ago, before we started the improvement effort, our Non-Value Added to Value Added Ratio was 99.99/.01.

Two years into the effort we were at a ratio of 85/15.

Our new plan will take us to 50/50.

True, solving the easy problems and picking the low hanging fruit, did yield excellent benefits. But there are even bigger and more long term benefits from taking on the tougher ones.

It takes guts to go after the tough problems, to address the tough issues, and face up to the fact that the only way to continue the improvement effort is to tackle them. It's the only way that we will get to a ratio of 50/50.

It takes leadership! It takes support! It takes commitment! And you must invest more time, effort, and perhaps some money. Is it worth it? We think so! I have a good friend that says "Easy jobs don't pay much." He's right!

WHAT'S YOUR NON-VALUE ADDED TO VALUE ADDED RATIO?

The "We've done all we can" Attitude!!!

A senior executive once told me quite proudly, “We’ve taken cost reduction as far as it will go. The cost of our products and services just can’t be reduced any further.”

This attitude is premised upon the current products and production processes!

Another senior executive recently also told me quite proudly, “It’s tough out there. Sales will pick up when the economy picks up.”

This attitude is premised upon the current approach to marketing, sales and customer service!

Sadly, both of these statements are correct...it's true...if you're not willing to change what you're doing!!!

A wise man once said, “If you keep doing what you have been doing, you will keep getting what you have been getting.” He was right!

I sure wish I knew who that wise man was, because I say this all the time (I want to give him/her credit). Here is what we recommend...(careful...this will take leadership!)

Halves and Doubles!!!! Reduce the bad stuff by Half and Double up on the good.

Set targets for product and production process cost reductions at fifty percent, cut them in half. Set targets for additional sales calls, quotes, and orders at double the current levels.

Light a fire, raise the bar, get aggressive, get angry, get excited and get passionate about the need for change, the need to do things with a significantly different mindset. You and your people must start acting different before you can start thinking different. You will only get what you expect. SO.....Expect Halves and Doubles!!!!

Why Halves and Doubles? You can't achieve significant levels of improvement by doing more of the same. You must do things in a significantly different way to get significant levels of improvement. If that's not enough for you ...Halves and Doubles again.

You know...I have had some management people say to me, “those targets are too aggressive, it can’t be done!”

My answer has always been, “have you ever seen a business that exceeds its targets? I never have.” I have even had managers say to me, “Our people can’t handle those aggressive targets.” What they are really saying is “they can’t handle them.”

What’s happened to LEADERSHIP? Has it been replaced with WHATEVER?

Enough with the excuses!!! Try Halves and Doubles! What do you have to lose -- more poor levels of performance? Halves and Doubles – anything less should not be acceptable!!!

It's the Current Rage... Six-Sigma! Everyone Is Doing It! Hurry, Jump on the Bandwagon!

Unless you have been living under a bushel basket with your head in the sand, by now you've heard of the wonderful results that companies like G.E., Motorola, Allied Signal and others are getting from their Six-Sigma projects. And you know what, they're true!!!!

Yes, solving problems results in significant bottom line impact. It always did and it always will. Sadly, many of the managers that we are talking to seem to think that Six-Sigma is the only way to go. They are really hung up on the results that they are hearing about.

While there is no longer any question that Six-Sigma projects can provide bottom line impact, what many in management seem to forget about is the investment requirement. Mainly TIME! Yes, that's right! Time!

Problem Solving requires time. It requires that you consider Problem Solving to be work, just like entering orders, doing quotes, producing drawings or making parts and assemblies. That's the rub.

Please don't get us wrong. We're not against Six-Sigma projects. What we struggle with is companies sending people out to become certified Green or Black Belts and then not following through. Learning these advanced techniques is expensive and time-consuming.

In many cases, using Six-Sigma problem solving techniques is like trying to kill a fly with a smart bomb.

Many of your day-to-day problems can be solved with the simple technique of Plan – Do – Check – Act. These simple techniques can be incredibly effective for solving problems as long as you give your people TIME to solve them. In any case, whether you use simple problem solving techniques or advanced ones like Six-Sigma you still must get by "For the time being, let's do this."

Continuous Improvement is a Waste of Time!!!

What's that you say? Yes we said, “Continuous Improvement is a Waste of Time!!!”

Follow our logic...

We can remember hearing people say, “If it’s not broken, don’t fix it” (we sometimes hear this one even today).

The conventional wisdom being to do just that. In other words, do nothing (until it’s broken).

The conventional wisdom today is that Continuous Improvement is necessary and essential to stay competitive. This is where the problem starts since just being competitive won’t cut it anymore. Being competitive means that the customer still has a choice and it might mean because they have that choice, they will pick your competitor and not you to do business with. It is important to understand that, at best, Continuous Improvement keeps you competitive, assuming that the competition is improving at the same rate as you are. But, what if they are improving faster? Where does that leave you?

One of the biggest problems that we see in many businesses is that they are busy working on improving things that don’t really matter to the customer. In other words, they are spending their precious resource dollars and hours with little or no return, or bottom line impact. So we repeat our earlier statement “Continuous Improvement is a Waste of Time!!!

Hang in there with us...All of the time that you spend on Continuous Improvement is time that you can’t spend on Innovation!

Wait a minute...What is the difference between Continuous Improvement and Innovation? Continuous Improvement is the steady and incremental improvement over time within the current business rules for success (conventional wisdom). Innovation...forget the rules, starts with a comprehensive understanding of the customer

requirements as well as needs and then doing whatever it takes to support them while forgetting how you do things today. The hard part is not in meeting the customer's requirements and needs -- it's in forgetting your past practices.

Innovation is not difficult. It's all around us. We see it everyday. It's the stuff that makes us say "WOW, now that's COOL!"

**Not being able to forget keeps us from being innovative.
So forget about it!!!**

GUTS!!!! Where are yours?

Do you have them? The other day I was at a company talking about solving problems and a middle manager responded by saying, “I don’t have the authority to fix that.” My response was, “You’re absolutely right!” As long as you think that you don’t have the power, or the authority, you don’t. Period!

I have been stunned and amazed at what people can accomplish when they set out to do something. I think that it’s pretty darn cool that some people never settle for “you can’t do that!”

To quote George Carlin, “Take a chance. What’s the worst thing that can happen? You get fired!” You know, that might not be so bad!

You’re right. I am preaching revolution. The KEY is the kind problems that you set out to fix in the first place. Don’t take on the circle-of-concern type of problems. You can’t solve them and nobody will help you and you will fail! Instead, take on the problems that are in your circle of influence -- the things that you can do -- and maybe only you will know that they are solved. Solving these types of problems helps you expand your circle of influence and allows you to go on to solve even bigger ones. Successful problem solving breeds more successful problem solving.

I absolutely believe that it’s easier to ask forgiveness and apologize than ask permission! In other words, I would rather get fired trying to solve problems than get laid off because I did nothing.

What about you?

Get a Clue!!!

I don't know. Maybe it's just me. Are you getting tired of trying to explain basics to people who just don't get it?

The obvious, simple things...things that drive you absolutely crazy as a customer seem to go by completely ignored. You know, some people are just oblivious.

I was sharing my frustration with a good friend, who has worked as a consultant for years. Jane stunned me with a comment that at first glance did not appear to hold water. She said, "Mike stop wasting your time with people who don't get it. If they don't have a clue in this day and age, they probably never will. You're wasting your time and frustrating them and yourself."

Yes, I was stunned! All I could do was sputter but...then she said in response, "THINK ABOUT IT!" Look, life is so very short, why would you want to waste time with people who don't understand and don't want to? Concentrate your efforts on the ten percent who get it -- the people who have a CLUE! Which will be more rewarding?

SO GET A CLUE!!!

Customer Service

Is it just me or has Customer Service gone totally out of vogue. Maybe we notice it more because we are so adamant about focusing on your customers. At the risk of sounding "Carlin-esque" (George, that is), here are some examples of things that are really starting to upset us. We call them Customer Service "DUH's."

... I said to a customer service person at a certain office supply store; "I'd like to add a few things to the order I phoned in yesterday, please." Response: "Gee whiz, I have already got it all rung up!!" DUH!

... I was trying to get a certain phone company to hook up our phones after our recent office move. "You are the 17th person (no exaggeration!) that I have spoken with in the last two days. Can you PLEASE hook up our phones so that we can talk to our clients and you can start billing us for those calls?" Response: (the 17th different one, no kidding) "I am sorry, Mr. Stickler, I can't do that because you are not classified correctly in our system." Figure that one out? DUH!

... This one fries me the most, the inability to talk to a real live person on the telephone in many companies. That is without punching your way through an endless array of menu options.

Response: Most people are like us, they exercise their option . . they hang up! Lost order?? DUH!

Flawless customer service means absolutely effortless dealings from your customers' perspective. Make it easy . . even fun . . to do business with you. Will this result in happy customers? Nope, it results in delighted customers.

Isn't that what we are all after? DUH!

Keep doing that good stuff!

Why do “they” do it?

You know “they” do it every time!

“They” do things that make them successful and when they’re successful they quit doing those things that made them so successful. I’m using the word “they” so as not to imply that this could be you or me. There seems to be an arrogance that rises out of success, an attitude that we’re above that good stuff. The fact that doing that good stuff is what made them so successful seems to escape them.

Sometimes they remember what it was that made them successful and they start to do it again. Sadly, most of the time they don’t remember. It’s as if mass amnesia has set in.

In business, the basics are a must. To be successful you must continue to practice them every day. When you take a close look at very successful companies, you see that they have mastered the basics and they continue to practice them. These companies have identified the things that must be done every day in all facets of their businesses and they do them. In addition, they measure their performance each day so they know if they have been successful -- and when they’re not, they take corrective action immediately. It’s what keeps them successful.

So let’s keep doing that good stuff!

Knowers vs. Learners

Every day, I meet managers in manufacturing companies around the country, they always seem to fall into one of two categories; "Knowers" or "Learners."

"Knowers" are easy to spot. They are the ones who, no matter what business improvement strategy you are discussing, say, "Oh, yeah, I know all about that. In fact, we are already doing that here." Rough translation, "I've read a lot about that, I've even attended a couple of seminars, but we are not really doing anything here."

And, their businesses show it!

"Learners", on the other hand, ask a lot of questions like: "What is that?" or "How does that work?" or "Tell me more" or "Where can I go to see someone who is doing that?" or "What do you think?" Most importantly, they have tried a lot of things, too. Have they made a bunch of mistakes? You bet they have!

That's how they got to be "Learners."

Copy Ideas

I was talking to a group of managers the other day about one of the best sources for new ideas. I suggested that if you see someone doing something that works, copy it. If they're making lots of money, copy it quickly! This got the response that I expected!!!

One of the managers suggested that the last thing that he wanted was for a competitor to copy things that he was doing. My response was not to worry about people stealing any of your ideas. If it's original, different, or unheard of you would have to shove it down their throats to get them to notice.

How many times do you miss great ideas? Probably everyday! Why? You're not looking for them!!!

FOCUS

Over the past two weeks I have been visiting a number of companies and becoming more and more disturbed by what I see. It seems that we are beginning to forget what's important at work.

IT'S the CUSTOMER!

All of the other stuff does not matter if you don't have any customers. There should only be TWO priorities in your business: taking care of the customer and solving the problems that make it difficult to care for them.

Ask yourself. Do the things you do directly impact your customer in a positive way? What percentage of your day is spent doing that? The customer is going to reward you or not, based on what you and your people are really doing.