What’s in a name?

How actions speak louder than words in today’s world
Write for your journal

If you want to try your hand at writing a feature for Management Services, please submit an abstract (around 200 words) explaining what your feature is about, with intended word count. (Features should be between 1000 and 2500 words, although exceptions can be made.)

Send your abstract to Anne-Marie Jordan, Editor, Management Services, 27 Castle Street, Canterbury, Kent, CT1 2PX or email editorial@msjournal.org.uk.

We also want your news and points of view about what appears in this journal. Something you disagree with? Tell us about it.
In this issue of Management Services…

Cover Story

With the global economic crisis deepening, John Chamberlin asks if less importance should be placed on job titles and more on specific actions that have a positive impact in the workplace.

See page 30 for full details.

Institute and Regional News 04
Chairman’s report, regional events, students’ achievements and IMS certification

Who’s who in the IMS 07
Spotlight on Lynette Gill, the Institute’s Administration Manager

Information 5S 08
Dan Markovitz looks at whether productivity can soar when you make paper shuffling a thing of the past

Human capital management 12
Alan Erskine discusses the advantages of keeping a 24/7 workforce motivated and productive

Managing the supply chain contribution 14
Mike Keen investigates how to optimise supply chain efficiency to effectively address today’s challenges

Sustaining lean 17
Don Kivel looks at how complete commitment to lean can multiply success in the workplace

ROI in executive coaching 20
Philip Atkinson continues to put the spotlight on coaching and how it can reap long term benefits

Scott-Grant Training Student of the Year 24
Graduates celebrate their success after months of hard work finally pays off

Economic benchmarking 26
Professor John Seddon examines the merits of economic benchmarking

Talent management 36
Colin Coulson-Thomas gets to the heart of how productivity can be improved by nurturing talent

Unfair dismissal 42
Russell Jones & Walker Solicitors look at what to do if you have been unfairly dismissed from a job

Find and focus – lean in practice 45
James K Franz takes a practical look at how lean can be put into practice in today’s workplace
In the last edition of the journal, I outlined the three strategic initiatives that have been adopted by Council to take the Institute forward.

The first – to strengthen the links between the Institute and its existing approved education providers and to identify and develop new links and providers, particularly those overseas.

The second – to raise the profile and increase membership of the Institute in the retail and service sectors which have been identified as significant growth areas in the economy.

The third – to improve communications and, in particular, the Institute’s use of the internet. I also stated that it is my intention to ensure our strategic aims remain dynamic and flexible, so that we can exploit the opportunities that will undoubtedly arise in the future.

In order to achieve that flexibility and provide the best opportunity to drive the Institute’s strategy to a successful conclusion, I have initiated a review of the Institute’s management structure. Currently there are eight members of Council and seven Sub-Committees/Panels. In addition, there are five Region Boards operating throughout the UK. The review will examine the structure in detail to consider if it is ‘fit for purpose’ and the best configuration for taking the Institute forward. I shall advise you of the outcome in my next communiqué.

In terms of the first strategic initiative, I would make the following observation. As the UK Government continues to struggle with the economic downturn, organisations are working hard to improve their efficiency and effectiveness to stay in business. Productivity improvements are critical to enable them to do so and professionally trained productivity practitioners essential to maximise those improvements.

I recently had a conversation with two of my colleagues, one a Director at Scottish Enterprise, the other a Senior Executive with the Chamber of Commerce. They advised me that firms are under such pressure in terms of cash and compliance – cash in respect of cash flow and accessing monies from banks and compliance in terms of complying with employment law, health and safety legislation etc – that any staff training be short, sharp and have an immediate impact on the bottom line.

This, of course, has significant implications for those providing training. It is essential, therefore, that we remain sensitive to market requirements. Hence the reason for strengthening the links between the Institute and our approved education providers.

There are two supplementary points I wish to mention. The first relates to a short survey recently carried out on the Institute’s website. The results have provided invaluable information on the views and perceptions of those using the site and will help inform the team involved in its development.

The second point relates to a communication received from an Institute member in India. A former UN staff member and UN consultant/adviser, he is currently involved in a number of national initiatives in that country; his particular passion is the national initiative ‘Investing in Young Minds’. He is keen to promote the Institute among those involved and wishes to work in partnership with us to achieve this. It will be interesting to see how this develops.

That generally completes the points I wish to mention, with one exception.

You may have read in the winter journal that John Heap, who is a member of Council and a past Chairman of the Institute, was elected President of the European Association of National Productivity Centres (EANPC) at its General Assembly in Vienna in October 2012.

I would like to take this opportunity to congratulate John on his election and to say that it is just reward for all the hard work he has put into the Association over many years.

Good luck, John – have a successful and productive next two years.

Dr Andrew Muir
Regional News

Eastern Region

The Eastern Region held its meeting at Eldon House in London on 15 December. Again, there was liaison with the South East Region to discuss ways and means of developing a programme of activities for the coming year – any member living in the South East Region, please get in touch via the website.

It was noted that the website had attracted a great deal of interest. The IMS Chairman’s discussion paper – proposals for consideration on restructuring – was debated along with the IMS Strategic Review.

Members of the Eastern Region living in the Ipswich/Colchester area will sad to learn of the death of Norman Hogg. Norman was head of the management school at the Ipswich Civic College. He was instrumental in organising the IMS qualification courses.

A Fellow of the Institute, he travelled widely on behalf of his pupils to introduce them to the world of productivity improvement. Even on holiday with his wife, he would visit places to enrich his personal experience of improving productivity in different parts of the world.

His service was conducted by his brother-in-law, who had come over from America, who also outlined the determination of Norman to make the world a better place in which to work and live. He was a people person and could communicate at any level.

The world is a sadder place without Norman Hogg. Our condolences were expressed to his wife at the funeral service.

Scottish Region

The API (Association of Professional Institutes) held its annual games night at the New Club, Kirkcaldy on 18 November, 2011. Organised by Scottish Region Chairman Bob Smith, it was well attended and, once again, a great success. The event raised a record amount for Children in Need and this year the trophy was won by the IMS.

North West Region

Forthcoming events: A visit to Pilkington’s World of Glass, Chalon Way East, St Helens, Merseyside WA10 1BX on Wednesday 9 May, meet at reception at 10.45am. There is limited free parking available. Admission: adults £7, senior citizens £5.

A visit to the Fred Dibnah Heritage Centre, 121 Radcliffe Road, Bolton BL2 1NU on Wednesday 20 June. Meet at 1.30pm at Radcliffe Road. Admission £12 per person. The museum contains much of engineering interest.
BAE SYSTEMS endorses IMS Certificate as a significant step forward

A paper has been written by the Regional Team concerning a potential future IMS strategy, as perceived from the East Midlands.

It is envisaged that a discussion meeting will be convened with some Council Members at which the detail of the above paper will be further analysed in a constructive and co-operative manner.

The Team hopes that this will initiate further progressive action to the benefit of all concerned. The meeting has been agreed in principle although, due to holidays and other commitments, the date and location have not yet been finalised; it will most likely take place in late March/April.

A series of visits to places of interest is being planned and details will be published soon on the website.

For any feedback and further information, please contact: daviesj@bramcote.fsbusiness.co.uk.

The following students gained their IMS certificate in 2011: Neil P Barnes; Stuart A Britton; Ian Burton; Andrew W Clark; Ian Crossley; Steven Crossling; Andrew M Denton; Wayne J Duxbury; James Gowell; Shane Christie; David Garbett AMS; David Gowland; Ailsa P Hanson AMS; Mark Hudson; Shiraz Khan; Tejal Patel; David G Roach; Robert T Robinson; and Joe W Wildblood.

The following students also gained their IMS diploma: Lovemore Chuma AMS; Rajendran KV Menon; and Novice Murwira MMS (Dip).

Students’ achievements

The following students gained their IMS certificate in 2011:

- Neil P Barnes
- Stuart A Britton
- Ian Burton
- Andrew W Clark
- Ian Crossley
- Steven Crossling
- Andrew M Denton
- Wayne J Duxbury
- James Gowell
- Shane Christie
- David Garbett AMS
- David Gowland
- Ailsa P Hanson AMS
- Mark Hudson
- Shiraz Khan
- Tejal Patel
- David G Roach
- Robert T Robinson
- Joe W Wildblood

The following students also gained their IMS diploma:

- Lovemore Chuma AMS
- Rajendran KV Menon
- Novice Murwira MMS (Dip)

**BAE SYSTEMS**

BAE Systems Samlesbury, in the North West of England, is a major military aircraft manufacturing centre for BAE Systems.

The site has facilities for advanced assembly, machining, treatments, electrical, specialist metal forming in a fabrication facility, a carbon fibre composite facility and tooling.

It provides manufacturing and support capabilities to a number of internationally important aircraft programmes including the F-35 Lightning II supersonic, multi-role fighter and the world’s largest defence contract, as well as the Typhoon, the world’s most advanced new generation multi-role/swing role combat aircraft available on the market.

The Samlesbury site has a long heritage of producing aircraft, but is currently undergoing a transformation and enjoying unprecedented levels of investment in developing its manufacturing technologies to meet these current and future planned major military aircraft programmes.

Ian Francis, from Manufacturing Engineering Processes, Core Industrial Engineering Team at Samlesbury, has stated: “To meet the increasing focus on cost-based activities on our programmes, we have introduced the IMS Certificate for all industrial engineers (IE), both core and programme based.

“Recognising the certificate as the industry standard, and providing this fundamental IE training, is a very good way forward to improve the stature, credibility and professional status of the individual IEs in the discipline. This requirement has been incorporated into our IE policy, plans and governance processes to underpin this important discipline in the organisation.

“We are delighted to have undertaken this work with Scott-Grant Ltd for our IE needs and appreciate their efforts in helping us achieve our objectives.”

Mike Seaman, Scott-Grant’s Training and Technical Director, said: “We’ve worked with BAE Systems for many years, providing training courses as well as project and contract specialist personnel.

“BAE Systems’ personnel have attended both our in-company and open courses in a number of subjects, including Productivity Analyst, using both Time Study and MOST®. That BAE Systems recognises the IMS Certificate as the industry standard qualification is an excellent move forward. It endorses our commitment to encouraging people to derive the short and long term benefits of being qualified productivity professionals.”

For more information on studying for the IMS Certificate on in-company or open courses or for contract or project productivity professionals, contact Scott-Grant on +44 (0)161 234 2121 or visit www.scott-grant.co.uk.
Getting to know you: Who’s who in the Institute

At the start of the ‘new year’ and tenancy of a ‘new’ Chairman, it was thought to be a good idea to feature members of the administrative staff and members of Council to the membership at large. We have already experienced our Chairman’s portfolio. This month it is the turn of Lynette Gill, the Institute’s Administration Manager.

Lynette is the first point of contact for IMS members, Education Providers and general enquiries. Lynette first joined the Institute in January 2004 as an Administrative Assistant and then became Administration Co-ordinator in February 2005 with a promotion to Administration Manager in 2010.

During this time, the Institute has undergone a time of great change by introducing a change to Life membership and also a new education system.

In November 2005, the Institute relocated its head office to Brooke House and Lynette was instrumental in its smooth transition.

Believe it or not, Lynette has a full life outside of the Institute. She has two children who are both at secondary school and is the proud owner of a retired greyhound, which the family enjoy walking over Cannock Chase and along the Trent and Mersey Canal.

Lynette is also learning how to salsa and really enjoys this. Other interests include eating out with friends and going to the cinema. Lynette also enjoys holidays with the children, especially visiting historical places of interest.

Our success in maintaining interest in PMTS sees us go from strength to strength

The UK MTM Association has seen an acceleration in the number of persons wishing to develop their expertise in the use of PMTS and the techniques that the MTM family has developed and promoted for many years.

2011 saw the Association introduce 40 people and their employers to PMTS and already in 2012 we have trained another 20 with a further 15 persons scheduled to be trained during March and April.

There is also nationwide interest in the whole aspect of PMTS and the Association is currently training eight new MTM Instructors.

The Association will be conducting open courses in UAS-1 and MTM-2 later in the year and this will most probably take place in the West Midlands with participation over a series of week-ends. The cost will be between £350 - £450 dependent upon numbers with UAS-1 occupying five days and MTM-2 eight.

Interested persons are invited to contact the Association by email at the following address; ukmtma@gmail.com, or visit www.ukmtm.co.uk and submit your interest via the email link.
Information 5S

By Dan Markovitz.

Allison is an anaesthesiologist at a major hospital in New York. Real estate prices being what they are in the country’s most expensive city, her office is only slightly bigger than a broom closet.

Every horizontal surface of Allison’s office (except for her chair) is covered – no, buried – in paper: printed-out emails, regular mail, departmental memos, receipts from the last conference she attended, a decade’s worth of professional journals...well, you get the idea. The place is a monument to the paper products industry.

Now, given that Allison does her clinical work in the operating room and doesn’t see patients in her office, you might think that the mess is without consequence. After all, it only affects her, not the surgeons or the patients. Moreover, it only interferes with the administrative aspects of her job, not critical patient care issues.

But you’d be wrong. Allison’s hospital is also a teaching hospital, which means that she’s expected to write grants to bring in funds for academic research and she’s supposed to publish her findings.

Want to guess how many papers Allison has published in the past two years? Zero. She justifies her lack of academic productivity by explaining that her clinical responsibilities are so onerous that she has no time to find available grants and apply for them. To be fair, she does work a long day and she doesn’t get as much academic time as she’d like. But when you watch her for a while, you see that’s not the whole story.

**Paper shuffling**

It turns out that on days Allison works in her office, she’s awfully busy. She spends time moving paper from the left side of the desk to the right side. She spends time looking for articles and print-outs. She spends time looking for basic office supplies. She spends time searching for and printing out journal articles that she’s already printed out – two or three times before. She even spends time feeling bad about herself, embarrassed by her office’s appearance and struggling to focus on her projects for the day.

Allison isn’t alone, even if her story is dramatic. The *Wall Street Journal* reported in 2007 that Chevron was investing tens of millions of dollars in an IT system upgrade because employees were spending between one-and-a-half to three days per month just searching for the information they needed to do their jobs. Studies by the Delphi Group and the Butler Group found that employees spend one quarter of their time looking for information and estimated that searching accounted for 10% of labour costs. Independent internal studies at Intel and Cisco found that their employees spend one day per week searching for information.

Taichi Ohno, the father of lean production at Toyota, is famous for his ‘seven wastes’ and although he never talked about the waste of ‘looking for’, surely he would see that as one of the causes of unnecessary waiting which is one of the seven wastes. Certainly, he would classify the shuffling of piles of paper and the continual sorting and re-sorting of email by sender/date/attachment as wasted motion.

**Effect of chaos**

In a manufacturing setting with a conveyer belt, the cost of these wastes is generally more obvious: workers struggle to find the right
To be sure, applying 5S yields time savings from not having to search for information, but the more significant benefit comes from surfacing abnormalities and waste in processes so they can be fixed.

wrench before the piece moves past them or people in an assembly area stand around waiting for a part to arrive.

But the cost is no less significant in an office. If you have to put on a pith helmet, like Howard Carter searching for King Tut, every time you need a document, you’re not likely to get a lot done.

In Allison’s case, the chaos of her office prevents her from focusing on her academic work, allocating time to it and working efficiently on it.

In Chevron’s case, the overwhelming bulk of electronic data reduces productivity by as much as 15%, as measured by the number of days each month lost to searching.

Probably the last thing you wanted or expected when you started reading this article was to be hectored about keeping your office neat and tidy, like your mother yelling at you to pick your socks up off the floor. You’ve got enough going on without some clown doing a white glove test on your desk.

However, just as organisation and cleanliness on the plant floor are essential elements of a true lean transformation, it’s also an essential element of a lean transformation in the office. As Ohno once said: “Eliminating waste is not the problem. Identifying it is.”

Your work is invisible
Knowledge workers face a daunting task identifying their value-added work. People working on an assembly line or in an operating room can easily see the work: it’s that piece of metal right there on the conveyor belt or the patient lying there on the table.

But for knowledge workers, the job inputs arrive in a variety of formats – emails, electronic document attachments, pieces of paper, voicemail, conversations in an office, a hallway or the breakroom – and much of it is intangible.

Also, the incoming flow of work is ‘lumpy’. There’s often no clear rhythm or cadence to the work as it comes in, so you can’t even predict when it will arrive.

Even worse, sometimes it becomes obsolete even before you’ve had a chance to address it. Just think of the last time 14 budget revisions crossed your desk in the space of three days.

For all these reasons, knowledge workers struggle to keep value visible. It gets buried in waste. Take a tour of your colleagues’ offices – look at the piles of paper on the desk, the hundreds of emails stacked up in their email inboxes, the Post-it notes stuck to any clear horizontal or vertical surface – and you’ve got a clear image of the waste I’m talking about.

This is where 5S comes in
In some respects, 5S is the foundation of lean. It’s not just about ‘cleaning your room’ or being faster at finding your stapler, with all the triviality that implies.

In reality, the decisions that 5S forces you to make – and the discipline it imposes – is the basis for spotting waste, for creating systems that enable work to flow more efficiently and for helping to clarify ‘standard work’ in the complex, highly variable office environment.

To be sure, applying 5S yields time savings from not having to search for information, but the more significant benefit comes from surfacing abnormalities and waste in processes so they can be fixed.

Some people will claim that 5S isn’t really important for knowledge workers unless they’re sharing an office space or a desk with someone else.

Drawing a parallel to shadow boards for tools,
they’ll say that an engineer or an art director has never lost their computer mouse or stapler on their desk.

Or they’ll think of the inane 5S policies that Kyocera Corporation has in place which, as The Wall Street Journal reports: “Not only calls for organisation in the workplace, but aesthetic uniformity. Sweaters can’t hang on the backs of chairs, personal items can’t be stowed beneath desks and the only decorations allowed on cabinets are official company plaques or certificates.”

But that’s not what I’m talking about. 5S for knowledge workers means 5S for the information you manage, not rules about where you can hang your sweater.

**Individual information 5S**

It’s easy to picture 5S in a manufacturing setting: clean machines, tape outlines around equipment, shadow boards for tools, a garbage-free floor etc. In some respects 5S for manufacturing is easy because the work at each station is done exactly the same way, every time, by each person. It’s easy to define the ‘right’ set-up and layout.

But what does 5S look like in an office? Knowledge workers do dozens of different types of jobs each day – reading and writing emails, preparing spreadsheets, analysing large budget binders, calling customers. Moreover, each person does it a bit differently – there’s no ‘right’ way to prepare a sales presentation.

How can you bring 5S to a fundamentally variable environment?

Information 5S in an office frees you from the waste of looking for the things you need. Those things are both the tools of your trade – the computer, a stapler, pens, printer paper etc – along with the information you’re working on – a budget, the draft of a speech, a new purchasing policy.

A good 5S system makes it fast and easy to access those things so you can do the important work you’re being paid to do. But that’s just the beginning.

**Seiri (sort)** means making decisions about each individual piece of information that has accumulated over time – emails, files, reports, journals, presentations, links to websites etc. Whether you choose to actually use it for a project this week, move it to a file for future reference or toss it, the simple act of deciding what to do with each item can reveal systemic (or personal) problems by forcing you to assess how you work.

For example, if you’re a medical assistant, a sloppy pile of patient charts on your desk might indicate that there’s something wrong with the system of retrieving, reviewing, signing and filing essential patient information.

You can also be sure that whatever is wrong with the system will lead to lost charts, missing information and wasted time in looking for it.

Notice, though, that the charts wouldn’t be visible without cleaning up the information flotsam and jetsam that wash up on your desk.

**Seiton (set in order)** ensures that critical information can be found quickly and easily. This is the wisdom behind a surgeon’s instrument tray being laid out precisely the same way every time and a chef’s mise-en-place being set up and ready. When there’s an emergency or at 8pm on a Saturday night with every table full, neither the surgeon nor the chef can afford the time to hunt for something in a panic.

But even if you don’t work in an operating room or run a restaurant kitchen, what happens when you or your boss go on holiday?

If activity slows down or grinds to a halt because the necessary information can’t be found, there’s a real problem with the system: Daily work should flow in your absence as smoothly as if you were there.
The concept of preventative maintenance embedded within seiso (shine) is another aspect of 5S that elevates it above simple desktop or office organisation. Regular attention to the information coming into your office ensures that you’ll know if projects are in danger of falling behind schedule or if invoices are at risk of not being paid on time – and enables you to act before the situation becomes critical. Seiketsu (standardise) demands the development of a precise routine for the most easily controlled element in a chaotic environment – cleaning and organising a workspace.

At first blush, this may seem unnecessarily anal – I mean, do you really need a system for cleaning out your email inbox and processing the papers that piled up during your holiday? Nevertheless, there’s wisdom in the concept. Having a system for processing and cleaning up all the information in your office means that you’ll get through the activity faster and with a lower risk of missing something important. The deeper value of developing a system for a task like 5S, however, is that it acts as a springboard for the development of standard work for other areas of your job.

Allison did embark on a rigorous 5S programme, throwing out the stuff that she didn’t need and organising her paper and electronic files according to frequency of use. This simple change provided her with the ability to actually see what needed her attention and to stay focused on it.

As a result, she reduced the cognitive distractions that kept her from really focusing on her writing. ‘Shining’ her work provided her a regular status update on her research paper and helped define a plan for her to get the work done.

Finally, standardising her 5S activities helped her to develop the discipline to do her academic research more frequently instead of allowing it to sink, literally and metaphorically, below the piles of trash in her office, or get pushed aside by other competing commitments.

To be sure, the rigour of 5S isn’t a panacea for all her problems, but she now regularly spends two to three hours per week on her research and is hoping to publish a paper before the end of the year.

Systemic information 5S

As I mentioned earlier, 5S applies to both physical and electronic information and, so far, I’ve been talking about using it for personal information management.

But applying it to the information flows within an organisation is perhaps an even more powerful use of the tool.

Think of the reports that you produce or read: how many of them show similar or even identical information? How many of those reports do you really need? I know of one IT department that produced more than 350 reports per month for the company’s managers and executives.

As part of a 5S initiative, they analysed all the reports, spoke to their customers (ie the executives) and eliminated the obsolete reports, the redundant reports and the non-user friendly reports. They reduced the volume to 37.

Similarly, a nursing team at Covenant Health System in Lubbock, Texas took the 5S chainsaw to the overwhelming paperwork burden that threatened to crush them daily. Before they deployed 5S, nurses spent an average of 6.1 hours per 12-hour shift on documentation. Collectively, they handled over 2.2 million forms each year. Even worse, documentation errors often weren’t detected for three to five weeks after patient dismissal.

A comprehensive 5S initiative involved simplifying, combining and standardising forms, leading to a 40% reduction in paperwork and a 48% reduction in time spent filling out documentation.

Each nurse recaptured three hours per shift to spend with patients – the activity that they not only love, but which also creates the real value for the patients/customers.

In these two examples, the 5S principles of seiri (sort) and seiton (set in order) were used to reduce systemic waste – of time, effort and energy – and helped workers spend more time doing something important for customers.

This broader application of 5S to the management of information is just as important in reducing waste as the individual application, but has greater impact on both individual and group productivity.

Remember, it’s a means to an end

Let’s be honest: there’s something about 5S and organisation in general that feels trivial at best and remedial at worst. But that’s only because you’re thinking about the process and not the objective.

What you’re really trying to do here is make it easier to spot abnormalities and waste, allowing you to focus on creating value for your customers.

From this perspective, you can view 5S as a fundamental building block, rather than remediation: it’s the foundation of the cathedral of value that you’re erecting.

References

3 Although Ohno didn’t state explicitly that these are the only wastes to be eliminated, most people consider them to be the ‘classic’ wastes to be avoided: (1) overproduction; (2) waiting; (3) transporting; (4) over-processing; (5) unnecessary inventory; (6) unnecessary motion; and (7) defects. Many people add an eighth waste: unused employee creativity.
4 Standard work is the safest, highest quality and most efficient way known to perform a particular process or task.
6 All data is from the presentation Breakthroughs in Reducing Nurse Documentation Time, at the Institute for Healthcare Improvement’s 22nd Annual National Forum on Quality Improvement in Health Care, 7 December, 2010.

ABOUT THE AUTHOR

Dan Markovitz is the President of TimeBack Management and the author of A Factory of One (Productivity Press, December 2011). Follow him on his blog at www.timebackmanagement.com or on Twitter at @timeback.
By adopting the concept of ‘human capital management’, managers can ensure that the large workforces, on which they depend, remain motivated and productive, but this can only be achieved by facilitating closer collaboration between operations, HR and IT professionals within the organisation.

In an increasingly service-orientated global economy, more and more organisations have large numbers of employees working in frontline roles on a 24/7 basis. For those organisations, the workforce accounts for a large proportion of costs. The way it is managed and deployed is a critical success factor and fundamental to profitability and growth.

Talking to operational managers in these companies and they will tell you that one of their biggest headaches is getting the right people working at the right time to meet customer needs. Even when people are contracted to work shifts, it can be difficult to cover certain times, such as weekends and school holidays.

**Difficult balancing act**

This problem certainly affects public services. For example, a recent UK Government report highlighted that, despite the demands of the job, there are more police officers on duty on a Monday morning than on a Friday night. This situation clearly illustrates how difficult it is for some organisations to balance the needs of their customers with those of their employees.

Until now, one of the main problems has been in scheduling hundreds, sometimes thousands of staff. The sheer complexity has tended to result in a ‘keep it simple’ approach with all staff scheduled to cover all times of the day on a rotation or roster basis.

This produces a situation where employees have different start and finish times every week. While suiting some, it causes difficulties for a great number of people, such as parents who end up requiring highly flexible childcare provision.

Even when employees are scheduled to cover the necessary work time, late notice absences (calling in sick) can impact service levels, which is a major problem in some industries. Spare resources can be scheduled to provide contingency, but it costs a lot of money to pay people just in case they are needed.

Fortunately, a new breed of workforce management applications, which enable organisations to up their game, is now available.

Paper-based systems, still used by many organisations for scheduling and allocating staff, can be replaced with software that allows more complex work patterns to be managed successfully.

The workforce management software integrates seamlessly with finance and payroll systems, providing a comprehensive and data-rich picture of human resources. This enables organisations to take a more holistic approach to the way they contract with and optimise the time of their employees. This approach is often described as ‘human capital management’.

**Take advantage**

Surprisingly, many organisations already have much of this functionality or, at least, the potential to develop it within their existing systems. However, they are not taking advantage of it and the main reason for this situation is poor internal collaboration, especially between the operations, HR and IT functions of the organisation.

Here is a typical scenario. The organisation invests in a new HR and payroll system.

The project is led by finance or HR with limited involvement from operations. The emphasis is, understandably, on achieving a system that pays people accurately. The system is also developed to provide basic HR reporting, such as headcount, employee profile and turnover. Once these two objectives are achieved, the project basically ends or runs out of money.

As a result, the organisation is left with an extremely valuable but under-utilised asset: a system that contains all the information needed to optimise the workforce. However, because of the way it has been introduced, no-one in the organisation has a full understanding of what it can do. As a consequence, the full potential of the system remains unexploited.

This situation creates a perfect opportunity for forward-looking managers to utilise their expertise and the capabilities of the new technology to support the profitability and growth of the organisation. This is precisely what many HR and IT professionals are currently seeking – a way to add greater tangible value to the organisation they work for – but they can only succeed by collaborating closely with their colleagues in operations.

The first step is to achieve the most efficient and economic deployment of people, often described as ‘workforce management’. Efficiency and economy are not necessarily the same thing. Having the right number of people working is one aspect. When individual work patterns attract different pay enhancements, achieving the most economic allocation of people is a further consideration.

The key is to get a cross-functional team working on the way labour costs are measured and controlled. Take a look at how this is done at
present. If your organisation is still using budget variance reports then you have a problem – just because a department is below budget does not mean that the workforce is being managed as effectively as possible.

A more sophisticated approach requires information in the payroll system, such as time and attendance records and wage payments, to be combined with information in operational systems, such as service requirements. This enables a more comprehensive analysis of planned and actual expenditure and the ability to drill down and discover reasons for overspending.

Difference between profit and loss

Even well-managed organisations, who believed they had no further efficiencies to gain, have achieved savings of 1-2% of labour costs with this approach. That may not seem much, but in the current climate it can mean the difference between profit and loss for labour-intensive companies.

Once the organisation understands the dynamics of its labour expenditure and is controlling the cost of the existing workforce, it is time to consider the next phase. This is often described as ‘workforce optimisation’. It is a more strategic challenge and requires a greater input from the HR function.

Armed with the data from the first phase and using their existing knowledge of the labour market, their own workforce and potential forms of employment contract, managers can facilitate even more substantial improvements. These are not just limited to cost savings. Changes can be made that lead to a more flexible, satisfied workforce with resulting improvements in service performance.

For example, many organisations do not accurately know what their optimum workforce is. They may think they know, but a quick look below the surface often reveals spurious assumptions based on outdated ‘rules of thumb’ about resourcing levels.

It is not just about the number of employees. Depending on the service objectives, benefits can be achieved by introducing different employment models, such as part-time working. New, more family-friendly patterns of work can be introduced, such as those which enable ‘shift-parenting’, where parents work complementary hours which enable them to share child minding responsibilities. Terms and conditions can also be tailored to better meet service requirements.

Closer collaboration

A good first step is to put in place good foundations for information and reporting, which are:

- Integrated applications for payroll, HR, resource management and time and attendance;
- Consistent rules for workforce planning and allocation throughout the organisation;
- Single source reporting with consolidated resource and payroll data;
- Support for strategic what if analysis on workforce size and deployment.

By facilitating a human capital management approach and close collaboration between operations, HR and IT, managers can ensure that their organisation has the workforce it needs to meet its objectives both now and in the future.

ABOUT THE AUTHOR

Alan is a well-known management consultant specialising in human capital management. He is Managing Partner of Adventis Consulting, which recently contributed to the joint Department for Transport and Office of Rail Regulation study of the value for money of the British rail sector, Realising the Potential of GB Rail, chaired by Sir Roy McNulty.

The sheer complexity has tended to result in a ‘keep it simple’ approach.
Managing the supply chain contribution at various points along the product life cycle

By Mike Keen, EMEAI Supply Chain Manager, Cooper Bussmann (UK) Limited.

Increasing customer demands, competition and rising costs are constantly challenging organisations in terms of remaining competitive. Companies need to configure their supply chains in order to maintain flexible operations designed to effectively address today’s challenges.

The competitive landscape has been evolving over the last decade, driving smart outcomes and change, and demanding that organisations become more innovative with their processes, people and performance outcomes (please see Supply chain landscape table below).

Suppliers, manufacturers and distributors need to work together more closely and effectively than ever as a single, seamless stream. Product life cycle management provides the framework for this.

There are a range of strategies to adopt at the various points along the product life cycle. In an industrial context, product life cycle management is concerned with aligning the end-to-end set of processes required to take a product from idea generation, through design and manufacture, to its growth phase, maturity and finally End of Life or disposal. The broad set of processes, known as PLCM, integrates people, information, processes and systems (please see table on p16).

The product life cycle can be divided into several stages, characterised by the revenue generated by the product or range of products, such as a brand. The life cycle can be: very short as pertains to a product that is for an event, such as a novelty product; very long, such as a watch; or medium in length, such as a car.

The product life cycle is split into the following phases, with typical supply chain focus areas for each of the phases.

**Development/entry**
- Sourcing, supplier audit, supplier nomination, multi/single/dual sourcing strategy;
- Obtaining early visibility of demand and ensuring a solid plan exists to meet that demand.

**Growth**
- Agree stockholding policy, driving lead-time reduction;
- Continually revisiting and refining how the supply chain is configured in order to achieve cost downs;
- Demand management and forecasting improvements;
- Building in far-reaching supply chain ‘agility’ – or responsiveness/flexibility.

**Competitive turbulence**
- Build lead-time reduction programmes to enable the supply chain to respond more rapidly to competition emerging;
- This is an opportunity to introduce competition into the supply base – refine the quality, cost and delivery aspects of the supply chain in order to be ahead of competitors.

**Maturity**
- Ensure the supply chain is fully repeatable and reproducible;
- Ensure costs are reducing year on year – build in annual negotiations with vendors, track commodity pricing strategies.

**Exit**
- Commit to a robust,
Suppliers, manufacturers and distributors need to work together more closely and effectively than ever as a single, seamless stream.
Phase 2: Growth – Manage rising demand, fulfill launch orders, build service, track and manage costs.

This is where the design and development of the product begin to move into rising demand. The onus is on building credibility with customers via consistent on-time delivery, repeatable high levels of customer service and supporting the ramp-up of demand.

The supply chain focus expands to capture rising costs and devising strategies to curb excessive freight or inventory excesses, while collaborating closely with the sales team to consolidate the performance of the new product in the market.

Phase 3: Competitive turbulence – Grow, fulfill: cost, quality and delivery improvements across ‘make, build, procure, produce, sell and deliver’ process.

Other competitors may emerge, following the market, particularly if the launch has been successful. Customers’ expectations rise in terms of delivery and quality consistency.

Customers in aggressive markets demand reductions in price, forcing organisations to be more innovative with removing cost from their products and from their supply chains.

Streamlining the flow of product through the value chain becomes the focal point: collaborating with customers to refine forecasts, aligning lead-times with manufacturing and sales becomes the pivotal point of optimisation and manufacturers drive to lower costs from suppliers.

Phase 4: Maturity – Consolidate, drive cost-reduction, maintain position, prepare for End of Life.

Repeatability, reproducibility and consistency become the core parts of the recipe for success. Margins come under threat from competition in the market, products may undergo a face-lift (leading to an extension of the product life cycle where some of the phases repeat over again) and organisations prepare for End of Life.

This is the time to most closely monitor the reduction in demand to avoid being saddled with excess inventory or a supply chain that still thinks high demand is the order of the day.

Phase 5: End of Life – Ramp-down, phase-out, cut-off and disposal.

Demand softens at this final stage or even dries up completely. Products have been replaced by superior versions or overtaken by the competition. Inventory will probably exist along the value chain that needs to be tidied up.

Supply chain partners need to be kept fully informed so as to avoid unnecessary residual waste and avoidable disposal costs. Often, supply chain resources are working on End of Life and development/entry phase of a new initiative – parallel running is crucial to success and short lead-time to market.

Critical success factors

To summarise, there are a number of critical success factors for supply chain management regarding new product development:

- Demonstrate a high level of focus for design for manufacture and design for supply – strong supplier audit and nomination process;
- Construct aligned demand management profiles to execute launch effectively and on time;
- Re-engineer and remove waste/cost at maturity and competitive turbulence phases and VAVE supplier development tools;
- Margin enhancement, protection and improvement while prolonging maturity phase;
- Manage demand profiles, after market and inventory run-out during exit.

Other references:

- The Impact of Product Life Cycle on Supply Chain Strategy, James Aitkena, Paul Childerhouseb, Denis Tovill.
Sustaining lean – multiply your successes

By Don Kivell.

For more than 40 years, lean manufacturing techniques have been achieving outstanding success rates. First in Japanese plants, and now in advanced factories throughout North America, it has proven to be a cost-effective and flexible approach to achieving superior customer satisfaction.

Many shop floors, however, still look and perform as they did years ago, simply because sustaining the transition to lean has proven to be a task of monumental proportions.

Long haul
You can’t go part way with lean – you have to go all the way. If you don’t marry yourself to 5S concepts, commit to continuous lean efforts and learn to make tough choices as needed on an ongoing basis, you always end up slipping back into the same bad habits.

A lot of manufacturers think that once they successfully implement lean in an ailing area of their facility or on one problem production line, their troubles are over. In fact, this is the time to use what you’ve learned and apply it somewhere else, multiplying your successes.

One of my clients, Mississauga, Ontario-based Tempress Ltd, a manufacturer of safety mixer valves and bathroom and kitchen faucets for the plumbing industry, learned this lesson well. Applying lean concepts to its assembly line for pressure balancing valve production, we actually took a batch-based process and turned it into single-piece flow.

After developing and reviewing several layouts, we completely rearranged the shop floor and restarted it with great success. But we didn’t stop there. We took the same lean approach to the company’s other line, the lavatory assembly cell. Here we also noted very positive results.

Now on both lines, employees rotate efficiently through their new modular work cells.

Pulling together
Bill McLean, Tempress’ President, says the company has since been working on the visual factory piece of 5S, as well as some Kanban, or pull, features. Certain internal processes are running with it and the manufacturer also hooked up some of its local suppliers to improve the efficiency of production.

In the plant, boards have been mounted and displayed on the shop floor to show production output, 5S and health and safety information. This saves time and resources since signs, charts and graphs are much more visual and understandable than lengthy computer generated reports and emails.

In addition to organising the plant for visual monitoring and control of its processes, as well as adding single piece flow, Tempress has synchronised the flow between machines/workstations and re-positioned machines and stations which has improved efficiency and output per employee.

Since the company’s transition happened over four years, Tempress knows the effort that is required in going lean.

“Once we had 5S(ed) one area, we just kept rippling it through the facility,” says McLean. “You do a trial. You maybe pilot your 5S or your pull in one area and then you just keep replicating it. That’s the way to ensure success.”

Though there is still work to do, Tempress is committed to going all the way. McLean says savings have been considerable. In one piece of the business, inventory has been scaled back to less than half of previous levels. Direct labour hours have been cut by 25%.

Staying power
How do you make sure employees’ lean practices stick? You include measurements in the visual piece (the visual factory) so people know how well they’re doing. This way, all the information is in front of them: there are no secrets.

Unless you measure your results, people naturally slide back into old behaviours. Good companies like Tempress do regular audits so that doesn’t happen.

You may find that some of your people don’t survive your lean transition. Everyone must be committed to lean. If not, the problem employee...
contributes to -- and comes to embody -- the very waste you are trying to eliminate.

But if an employee is resisting lean because he thinks he is going to lose his job, this is your fault. It’s a shortsighted management group that implements lean just so it can reduce its workforce.

**The people plan**

You must understand that you’re making an investment. The point isn’t to demotivate your workforce by laying people off. The idea is to swiftly turn on the sales tap and take advantage of your new leanness. And if somebody becomes extraneous in one area, you move them to another place where they can make a positive impact. You need to reward your people for making a contribution to the success of the company.

In the euphoria of lean transitions, people feel part of a new world, but they can become unrealistic. Ultimately, they’re still doing their jobs. I tell them: if you were an assembler before lean, you’re very likely still going to be an assembler. You won’t have as many headaches, you’ll know how to fix a quality issue and have a positive effect on production, but you’ve still got the screw gun in your hand – because that job was always important.

Sustaining gains and continuously improving in lean manufacturing is something that Tempress has done extremely well. It has kept its people keen on lean even after four years and continues to set and achieve lean goals for its employees, encouraging them to participate in the success.

So we have established that lean manufacturing can only help you over the long-term if you have committed to making it a company-wide standard operating policy. If, instead, you make a raft of positive changes during your lean transition and then try to ‘stay the course’, I guarantee that employees will slip back into what’s comfortable and easy, rather than what’s efficient and lean. The bottom line? A company that commits to a proactive, continuous lean effort has a far better chance of succeeding.

One major foundation pole of lean is the sustained support that its initiatives must receive from management. Executive management supports initiatives by showing support for the people running them. When there is no support, workers lose enthusiasm; there is nothing driving them to improve. Any momentum that was originally created will fizzle out.

**Trial runs**

I’ll assign people to do mapping and measurement in their areas, get them to time certain procedures and we’ll evaluate the effectiveness processes as they were. At this point, employees discuss their own ideas for improvement. They might even mock up modified layouts to their work cell or area.

In the latter part of the event, we will do trial runs, using some of the new techniques they’ve developed. We usually unearth a few issues that we can’t change immediately, but these are done over the following weeks.

Besides eliminating waste, a Kaizen blitz helps to teach employees to think about improving things all the time, not just when, for example, a manager suddenly asks why there has been a slowdown on a specific line. To try to instill these same qualities in its people, I trained Melet’s entire staff in January 2011 on many fundamental lean principles,
paying special attention to several supervisors.

We focused on them for a reason. Like many Canadian organisations, Melet had developed one internal champion to coordinate a number of lean projects. Unfortunately, too many questions, concerns and initiatives were being funnelled through this person, causing a bottleneck.

Melet is now relieving this congestion by spreading the responsibility for lean projects down to mid-level managers and supervisors, training them to a level where they can actually conduct mini-Kaizens on their own. If a supervisor is unhappy with the way a process is laid out, they can organise a half-day session with the department in question to come up with a better way.

Melet has also set up continuous improvement teams – front line people working in various areas – who come in for two extra hours each week (receiving overtime pay) and who are free to work on projects of their choice. The work is generally done just before their shifts so it doesn’t impinge on their day-to-day responsibilities. Supervisors are given a small budget to implement ideas, some of which come from the company’s employee suggestion box.

**Employee empowerment**

Leaders might choose to set up whiteboards for an area or perhaps install a clean-up station. An initiative could be as simple as running over to Home Depot to get a broom stand or a toolbox. Melet can justify the budgets for these projects since they have an immediate impact. Normal avenues, which might include going through management to get the requisite funds and filling out paperwork, can take time – better to gain some improvement right away.

Supervisors have also been known to give out a small monetary award to the employee with the best idea in a given month. This is not a token gesture; it contributes to a general feeling of empowerment among staff members.

And such policies mean employees are less likely to see Melet as a place where they simply arrive, park their brains at the door and do what they’re told. Instead the company continues to fuel the fire on lean by allowing people to make changes on the fly, aside from and outside of a more formalised structure. The fact that this is encouraged by management helps promote and sustain lean, while increasing levels of trust between employees and management.

After all, lean never really ends: it’s a race without a finish line. Keeping the race entertaining – and rewarding – for people over the long-term is the best way to ensure they’ll keep participating.

---

**ABOUT THE AUTHOR**

Don Kivell is owner and President of Lean Manufacturing Solutions Inc.

His expertise in lean manufacturing includes continuous improvement strategies, plant layout and cellular manufacturing, total preventive maintenance, quick changeover and zero defects.

Don has successfully implemented lean manufacturing techniques in numerous manufacturing companies in the past 25 years, first from a senior management position and, for the last 18 years, as a lean manufacturing consultant.

Don has spoken at numerous conferences on related subjects in both Canada and the United States and has led plant layout, 5S/visual controls, and set-up reduction workshops for the Association for Manufacturing Excellence.

Don’s work has been published in Advanced Manufacturing Magazine, Automation Magazine, Plant Magazine, Auto-plant and Superfactory.com as well as in the business sections of the Globe & Mail and the Toronto Star. He is also featured in the Canadian Federal Government’s video on Advanced Manufacturing Technologies.

lean@sourcecable.net
www.LMSI.ca
905 902 2367
Return on investment in effective organisational coaching

In the last issue, Philip Atkinson discussed how the participative and tailored nature of coaching can yield more productive results than traditional training methods.

Here, the evidence that coaching generates a healthy return of investment is put under the spotlight.

As we move through 2012 and beyond, we recognise that most business models have changed: ambiguity is the new norm.

Don’t expect that things will get back to normal – this is the new normal.

Effective coaching will deliver performance faster, stronger and deeper than traditional organisational training interventions.

Coaching can develop large scale organisational change very quickly if you focus on the right people participating in the coaching process with those people pivotal to the success and wellbeing of the organisation.

Coaching focuses upon moving well beyond the transfer from ‘simple’ to ‘complex’ learning which can lie at the very heart of ‘attitudinal change’.

Evidence that coaching and facilitation generate a healthy ROI (return of investment)
We do this with change programmes focused on changes in attitude, core values and behaviours. Coaching can provide instant and lasting results.

Right from the start of any one-to-one session, the coach or the facilitator should know what is – and what is not – working for their clients.

ROI is instantly assessed through the simple act of assessing three things:

1. Coaching leads to results – what behaviours has the client changed which were holding them back?
2. What has the client identified as being their current positive behaviours and to what have they committed to continue to practise and master?
3. What new behaviours has the client identified which will progress them towards their goal should they commit to apply these in their normal behaviours?

This tripartite commitment is what gives coaching and facilitation a very strong ROI.

2012: Accountability of training as a change process
In these recessionary times, organisations really have to consider what training is costing them in comparison to the investment in coaching.

Training beyond basic mandatory and statutory requirements may well not get a positive ROI for their people.

There are many disadvantages with the logistics of trying to stage training which really affects performance for the whole organisation.

A question I ask all the time is: “What is the cost of training in terms of ROI?” More often than not, the providers of such events have difficulty quantifying it.

Further, what is the cost to the business of delegates attending training events ‘en masse’ and being away from work? How can you guarantee that real learning takes place and is transferred to the workplace?

What impact on the learning will there be if a course designed for 12 is attended by smaller numbers than anticipated whether because
executive coaching: change

of last-minute call-offs or operational emergencies etc and how does this affect the effectiveness of the original design of the learning?

When events are postponed, as is increasingly the case, what are the costs associated with re-running the event – ie paying the trainer for rework and restaging the event? How is ‘business as usual’ conducted with people away from the organisation?

How will work left uncompleted, because of the training event, be completed when the trainees return to work? Do organisations have the spare capacity to cover for course attendance by others?

Mass baptism, sheep dips and big training events

Unfortunately, I have witnessed what I call ‘mass baptisms’ or ‘sheep dips’ when staff are brought together in conference surroundings and a ‘guru’ is on the main platform firing off their message to all and sundry.

They can be very impressive, but are ultimately ineffective. I ask: “What impact does that transfer of information have on the performance of the people and bottom line results of the business?”

Groups of consultants often provide organisational training, ‘baptising’ mass audiences of 250-plus people. They can get through a moderate sized business in less than a day by staging four events, but how effective is this?

Consider the benefits to your organisation of adapting a radical coaching intervention to replace some of the other organisational change strategies.
Don’t misunderstand me, it is a great way to get people talking about things and stimulates some excitement, but does it change anything in the longer term? How can the initial ‘spark’ be sustained?

A smaller scale coaching intervention, targeting key and pivotal people to work on projects that deliver, is now the growing norm for organisations. The benefit of coaching in organisational and personal development – and deliverables presented to the European board by the first participants who went through the initial coaching programme.

After demonstrating positive value, we repeated the process with an additional 80 participants of the most senior staff from the UK, Germany, Italy and France. Similarly, another client, a Scottish-owned bank, experienced the same outcome, but a higher return, because we focused on reducing the costs of failure and non-conformance.

We concentrated on a culture-change process, based upon coaching senior teams on cross-functional projects.

The returns in organisational and financial terms far exceeded the cost of internally and externally funding and resourcing the programme.

Coaching for all
If an organisation has the resources to coach all its staff, undertaking that is a very effective, efficient and speedy way to tailor learning and development – and deliver the operational results behind the thrust of business leaders. Doing this, an organisation committing itself to becoming a learning organisation should also commit itself to developing its own change agent business coaches.

Working through learning and development strategies, most organisations can acquire the internal capability to drive change and make learning and coaching the sustainable culture.

Directive versus non-directive strategies
Coaching in organisational change may vary from directive to non-directive. Directive coaching is a process that many ‘old school’ purists back away from, suggesting that coaching is strictly for personal development.

I disagree – coaching should be directly linked to achieving organisational and personal improvement. There is a role for the directive approach when groups of staff need specific advice, often when the organisation is going through...
traumatic times and their future is at risk.

The non-directive approach also has its place in driving significant change with minimal risk. This approach respects confidentiality and the non-disclosure of sensitive business issues that the executive is tasked with managing. Personally, I believe the non-directive approach has more impact because it protects the client and the business.

The ultimate extreme of non-directive coaching – in which the coach has no specificity of the issues but through a thorough coaching technique – can provide the right questions and enable the client to address and implement options, without disclosing the nature and details of the issues.

This is an area for rapid future expansion in executive coaching, when the client cannot reveal the content of the issues they have to work upon because of business confidentiality such as:

- Acquisition of another business when disclosure could affect share prices of both companies. Disclosure of information at this crucial time may also force a hostile bid and reduce business confidence in operational and strategic performance the new entity;
- When a profits’ warning is imminent or the business is under threat from competitors;
- When long-standing, existing and potential new clients are threatening to migrate and place business elsewhere;
- When a public disclosure may put the future of the business and its people at risk;
- When organisational change is the only option, requiring rapid restructuring or reorganisation of resources.

The reality of these situations is evident every day, transmitted through the media. Change in 2012+ is accelerating at a rate with which many organisations cannot cope – yet still they fail to take effective coaching seriously.

In these circumstances, the demands on business leaders may be so intense that only a confidante outside the organisation can provide the objective support necessary to enable them to confront the realities of business change.

Summary
Coaching is about helping others learn how to enable exceptional performance in difficult times. What is guaranteed is that 2012 and beyond is going to be difficult for most organisations – the time for action is now.

Sometimes, I am asked: “Is there a right time to start top team and executive coaching?” My usual response is: “Start sooner.”

In this article I have tried to demonstrate that effective coaching is a critical skill that will deliver organisational results. However, effective coaching – taking people beyond their current abilities – requires somebody of exceptional experience and skills and carries enormous responsibility.

This becomes even more important when coaches work with senior people whose actions and decisions do affect the lives of many others.

Finally, as coaches we must ensure that before we enable others to learn, we ourselves are confident of moving outside our own comfort zone to ensure that the service we provide to our clients is truly exceptional.

That is the best ROI that any coach can deliver.
The top of the tree for the IMS Certificate

Scott-Grant Training is delighted to announce that Andrew Denton is the Student of the Year for 2011.

Andrew is a Financial Planning Assistant at Shop Direct Group, the online and home shopping retailer whose brands include Littlewoods.

He started his career with Littlewoods 32 years ago on the shop floor, picking and packing, then moved into a supervisory role, leading a team of 25 in the picking department. The restructuring of the company and a lifetime enjoyment of facts and figures led Andrew to a new role in the financial planning department.

His new manager, Beverley Calderbank – herself an IMS member for several years – encouraged him to study for the IMS Certificate as part of his personal and professional development.

Andrew’s work involves helping create budgets for Shop Direct so he needed to get an insight into how targets are created and how costs are generated. “I really enjoyed the course,” he said enthusiastically. “It was interesting and challenging – I found SMVs fascinating! I am now confident I can thoroughly examine and assess the cost-effectiveness of a project.”

Planning Manager Bev was delighted: “We’re extremely proud of Andrew’s achievement. Having the Student of the Year in the Planning Department has given us tremendous kudos! “Seriously, I know just how challenging the IMS Certificate is and Andrew has worked extremely hard to be in that number one spot in 2011.”

In his introductory welcome to the celebration in Manchester, Scott-Grant’s MD Richard Taylor explained: “We have trained people in the IMS Certificate during 2011 from all types of companies: manufacturing, retail, distribution, automotive, financial, commercial and in several countries. They are all experiencing cost pressures and are looking to improve their productivity like never before.

“IT’s heartening that their focus is now once again on industrial engineering and lean techniques to enable them to reduce costs, improve performance, response times and processes. We’re delighted to help them do this via our open and in-company training.

“The contract and project people we continue to supply are also in significant demand across the UK and overseas.”

Tying for second place in a close run ‘contest’ were three students: Ian Crossley, a Senior Process Manager from Pentland Distribution Services based in Blackburn; Joe Wildblood, Operations Review Manager from Parcelforce Worldwide (who was accompanied by his manager Eddie McBride from Glasgow); and Ian Burton, Operations Support Manager from Norbert Dentressangle Logistics UK (NDL).

All the students confirmed that they had found the course challenging and intensive at times, but thoroughly enjoyable for many reasons, not least for the lecturer Colin Moran whose practical experience, informal style and enthusiastic delivery are particularly appreciated.

Indeed, Ian Burton from NDL thanked Colin for ‘an entertaining four weeks’, adding that, since the course, his new knowledge ‘has opened up opportunities to work on projects in other parts of the business’.

Mike Seaman, Training and Technical Director of Scott-Grant, said it was impossible to separate the three people in the final analysis and that they should all be very proud of their ‘tremendous achievement’ in attaining such a standard in their professional qualification.
If you want to address the productivity levels in your business, you need Scott-Grant.

At Scott-Grant you’re at the heart of knowledge and expertise about productivity improvement and Lean initiatives.

Scott-Grant Limited
Portland Tower
Portland Street
Manchester
M1 3LD

Tel +44 (0)161 234 2121
Fax +44 (0)161 234 2125
productivity@scott-grant.co.uk
www.scott-grant.co.uk
Offices also at Motherwell and Hertfordshire

Training Courses
Our training courses cover every aspect of improving productivity
- IMS Certificate
- the MOST® technique
- Performance rating clinics
- Open or in-company courses
- Customised courses
- 1 or 2 day appreciation courses
- Guided learning – Lean principles: 5-S, Value Stream Mapping, Quicker changeovers: SMED, Continuous improvement
- Performance rating DVDs, stopwatches, study boards

Project People, People on Contract
- Productivity analysts
- Industrial engineers
- Lean specialists
Projects to give you work measurement, MOST® structured data, accurate time standards, reliable information

knowledge and expertise in improving productivity
What can an economic benchmark teach us about benchmarking?

By Professor John Seddon.

Portsmouth City’s housing repairs service achieved an economic benchmark; it (with its suppliers) was the first to develop a repairs service that gives tenants repairs on the day – and at the time the tenants want – and this new service operates at half of the cost of the old service. Jaw-dropping, extraordinary and, as I often say, if BT could learn to do that, we’d all cheer.

But when Portsmouth received a visit from the Audit Commission in the latter’s dying days, the inspectors downgraded their rating of Portsmouth’s service. Portsmouth’s leaders were unable and unwilling to show the inspector the things he/she wanted to see, one of which was active involvement in benchmarking.

Belief in benchmarking
How on earth could Portsmouth have achieved what it did by comparing itself to, and visiting, others? A question that didn’t even register with Audit Commission inspectors: they were just doing their job, ticking or not ticking boxes. But it is an obvious truth: you will never out-innovate others by copying them. Why do we believe in benchmarking?

The protagonists of benchmarking, avoiding that obvious truth, will argue that others should visit Portsmouth now, to learn from the service. So let’s see what that might reveal.

If you go to Portsmouth, as I have done, you’d probably start where the customer rings in for a repair, at one of the suppliers. You might have a concern that letting the supplier take the call is not the same as taking the call yourself and then instructing the supplier. After all, you want to control your suppliers, don’t you?

The first thing you would see is tenants calling in and being asked when and on what day they’d like their repair done. If you are a conventional repairs manager, for that matter a conventional management thinker, you would think this is going to be costly. Conventional managers think doing what customers want can only increase costs; they think there is a trade-off between quality of service and cost.

If it occurs to you to ask how they have been able to work this way, the Portsmouth managers (council or suppliers) will tell you that they resource with tradesmen to what they
know to be the ‘upper level of demand’, explaining that demand varies, but is broadly stable and predictable and, so to ensure they can meet all tenants’ requirements; they, in effect, keep an excess of tradesman resource.

My prediction is that the conventional thinker would gloss over phrases like ‘upper level’ predictability and so on, being unable to find questions to illuminate something that is foreign and, in any event, the revelation that an excess of tradesmen will have caught his attention and fuelled his assumption that this can only mean high costs.

If your visit then moves on to going out with tradesmen as they go to do the repairs, you would see, first of all, that they always get in (well you would, with excess resource and pandering to tenants) and then you would witness the tradesman calling in to say how long he was going to take to complete the repair.

“You’ve got to be kidding,” would be the first emotional response. This is putting the amount of time spent on jobs in the control of the worker; it could only mean that tradesmen will be encouraged to take their time or spend time drinking tea. If it is a job that requires materials not kept in the tradesman’s van, you’ll see him call in to order materials and you’ll hear him being asked when he’d like it delivered. More control to the worker, this is something like a holiday camp.

The one thing that would get you excited, if your tradesman talked about it, would be the fact that tradesmen now carry much less van stock, saving about 65% of material costs for items carried. It is something you’ve always believed in; you don’t want guys carrying things around that cost money and don’t get used.

And then you’d see the tradesman finish the job and ask the tenant if anything else needs doing – and then you’d see him just get right on and do it. No job ticket, no instructions, nothing. If something needs doing that he can’t do, the tradesman will use the call-handlers in the centre to get the right man there to solve the problem during the same visit, meaning less inconvenience for the tenant.

**Issue of control**

If you are a conventional manager, by now you’d be having a fit of the out-of-control variety. You’d be wondering if the managers have lost their marbles, you’d be very concerned about whether the managers running this service have any control of their tradesmen and their costs. If you engage the tradesman in a conversation about the materials that are being delivered, you may learn that management worries about availability not unit cost; so they will often pay more for things they need at short notice. Unbelievably bonkers.

Maybe, by now, the day is over and you join your colleagues for the journey home. Sharing your observations from the day, someone will, at some time, realise that the thing missing was the schedule of rates, something all housing repairs organisations use to control costs. But, by now, you are up the road and there is no one to ask about where it had got to.

You all really liked the fact that van stocks were minimised, but you hadn’t had the time to find out how they did it; in any event, you think you know how to do
that. And as for the claims
that this service is delivered
at half the cost, you’d be
thinking there must be
something creative going on
in accounts.

What did you see? Maybe
the better question is, how
did you look? What governed
the way you looked was how
you thought. This is what
happens in benchmarking: we
fit what we see into our view
of the world. Rarely does
seeing something change our
view of the world, especially
when what we are seeing
challenges convention.

**Lessons to be learnt**

And what would you do?
The best you could do is copy
Portsmouth, but you’d be
unlikely to do that because
you’d have big doubts about
it. If you did, you’d probably
get it wrong, for Portsmouth’s
design was based on what
it learned when it studied
its own system. How do you
know you’ve got the same
problems?

The time when a
conventional thinker ought
to visit, but would never
be likely to, is back when
Portsmouth’s leaders were
studying their system,
many moons ago. A visit
at that time would have
been looking in on a roller-
coaster of challenges. They
would have seen managers
admitting they had no real
control over their operations.
They would also have seen
emotional responses to the
discovery that management’s
measures were part of the
problem and they would have
seen managers realising that
focusing on the productivity
of the tradesmen was to focus
on entirely the wrong thing.

It would have been
to witness a maelstrom,
a veritable whirlwind
of activity, revelations,
epiphanies, painful
realisations shameful
confessions and, eventually
if you hung around, massive
enthusiasm coupled with
renewed energy to do some
‘radical’ things which, by the
way, no longer seem radical.

You might have been
inclined, if you were visiting
at that time, to ask them
why they had no plan; they’d
have replied the only plan
was to get knowledge.
Clearly bonkers, not proper
management.

If you had stuck with
them through their process
of getting knowledge you
would have seen, as they did,
that more than half of the
demand into their repairs
centre was failure demand.
Not a problem understanding
that idea and you’d have
been inclined to think this
was because the people were
not doing as they should –
and you’d have been wrong
about that. But obviously this
is a crap service.

You’d have seen managers
taking measures of the true
der-t-to-end time it takes
to effect repairs and you’d
have seen them almost cry to
discover it was an average of
50 days and could predictably
take much longer. More proof
that this was a crap service.

But would you have reflected
on the fact that you have no
knowledge of either failure
demand or the true end-
to-end time it takes you to
deliver your service?

You’d have seen managers
discovering that one job can
come a whole series of jobs
in the target culture. Fixing
a broken window could
mean boarding up (meeting
the emergency target) then
fixing, carpentry, plastering
and painting – all treated
as separate jobs (and all
meeting their targets).

You’d have seen managers
discover how the bonus
scheme drove the tradesmen
to optimise their own pay-
packets, not the same as

optimising the service. And you’d have learned how the schedule of rates drove costs up; what was recorded at the front end was not what was needed in the repair. It led to a cottage industry of paperwork (all changes to the specification had to be signed off). And the most shocking discovery that properties were repaired on the first visit less than half the time.

But would you have reflected that these are the very things you need to learn about your own system? Or would you have assumed that they were known or not a problem?

You’d also have seen the Portsmouth managers learn how to study the things they needed to know to design a better service: the predictability of demand from the properties. This enabled them to know what trades’ expertise they would predictably need; the predictability of materials usage by individual tradesmen. This enabled them to strip the vans back to only what was predictably needed; the cost of materials in the system in total terms, including storage, losses and availability, which taught them that the cost of materials is concerned with time, not cost, and should be managed that way. And so you would have witnessed the development of the better philosophy, developed through getting knowledge.

And if you had been able to follow all of this, you would have understood that Portsmouth’s system is designed for perfection. The design absorbs the variety of demand (something the schedule of rates doesn’t do and the reason it drives costs up) and costs fallout because the system is much better at achieving its purpose, completing repairs on the first visit.

**Benchmarking is the fastest way to mediocrity**

Deming taught us that benchmarking is copying without knowledge; it is risky and more likely to cause losses rather than gains. Taiichi Ohno taught us that benchmarking is looking in the wrong place. As the managers in Portsmouth learned, everything you need to know is in your own system – you just need to learn how to look.

Going back to Deming, he made much the same point: “Managers know everything there is to know about their business, except how to improve it.” To improve it, you need to learn to see things you can’t currently see.

While the Audit Commission gave Portsmouth the thumbs down (and just one reason why we should be glad it is being closed down), Gary Hamel, uber-guru, gave Portsmouth’s leader Owen Buckwell an award for innovation: [http://www.managementexchange.com/blog/m-prize/announcing-m-prize-winners-audacity-imagination-experimentation](http://www.managementexchange.com/blog/m-prize/announcing-m-prize-winners-audacity-imagination-experimentation).

---

**This is what happens in benchmarking: we fit what we see into our view of the world**
It doesn’t matter what you call it – it matters what you do!

By John Chamberlin.


It’s now more than seven years since that question was posed on the BBC Radio 4’s Today programme, but that answer is still the same today – yes.

The bulk, by far, of companies and organisations in the UK are badly managed, many of them appallingly so. And it appears to be getting worse.

My own recent research (Chamberlin, 2008) showed very clearly the lack of leadership at a range of senior levels in two, large public sector organisations. The sadness, though, is that they have no monopoly on the problem and you don’t need to do research to confirm it. You just need to keep your eyes and ears open and, mostly, you won’t have to stray any further than your own organisation to come across managers – often senior managers – who appear genetically immune from the last century (almost) of management and leadership research.

At the beginning of his seminal text Out of the Crisis, Deming (1986: xiii) nailed his colours to the mast: “The careful reader may note the use of the word leadership where the usual word would be supervision. The reason is that, for survival, supervision will be replaced by leadership.”

And later, at the start of point ‘7’ – of his ‘14 Points of Management’ – he reinforces this with: “The job of management is not supervision, but leadership,” (ibid: 54). The crucial comment, though, is a little further down on that same page: “Leaders must know the work that they supervise.” (This author’s emphasis).

What’s in a name

I’ve emboldened this because it doesn’t matter what you call it – management, supervision or leadership – it matters what you do! You have to know (or get to know) how the work works (Seddon, 2003) in your own business or organisation and you have to do that from the customer’s perspective. Sid Joyrson (1995) called it ‘GeYOhDa!’ – occasionally, you will have to get your hands dirty!

Former Dana Corporation Chairman and CEO Ren McPherson put it quite succinctly: “When you put on the hat of manager for the first time in your life, you give up honest work for the rest of your life. You no longer drive the forklifts, open the mail or answer the phones or do anything of direct economic value to the enterprise. Given that that’s the case, says Mr McPherson, the only thing you’ve got left is the way you spend your time.” (Cited by Peters, 1985)

And that’s the bit that matters: how and where ‘you spend your time!’ For decade after decade, since (at least) the second quarter of the last century, there has been a growing body of evidence for cross-functional, team-based, participative management-led and systems-focused leadership.

Yet, it is still almost universally ignored in many public and private sector organisations*. Research has delivered countless books – from the thin paperbacks to the thicker, textbook-type academic tomes – extolling the virtues of managers getting close(r) to the workforce, yet there is unlikely to be a single textbook or academic paper saying managers must spend time in their offices!

Unfortunately though, modern management styles are still rooted in those century-
old ‘right stuff’, top-down’ and ‘command-and-control’ behaviours that tend to oppress, distrust and restrict the bulk of the real talent in many organisations.

(*NB If you want to read something around this try John Sheldrake’s Management Theory as a starter for ten and, for some interest and balance, Art Kleiner’s The Age of Heretics. Then – and you’ll need to stick with it, but it’s worth it – read W Edwards Deming’s Out of the Crisis.)

Imai (1997) called it ‘going to gemba’ (gemba is the Japanese term for the workplace, the ‘factory floor’); Peters and Waterman (1982) called it ‘MBWA’ (Managing By Wandering Around, from their observations at Hewlett-Packard); Seddon (2003) called it being ‘in the place of transaction’, whilst Covey (1999: 255) put it slightly differently, ‘seek first to understand’.

Seddon (ibid) puts this even more succinctly when he states that the manager’s job is to ‘get knowledge’ – knowledge about the ‘system’ over which they preside – reinforcing what Deming (ibid: 19) had said previously: “There is no substitute for teamwork and good leaders of teams to bring consistency of effort, along with knowledge.”

The ‘crisis’ is that managers in most organisations – large or quite small – rarely spend any time at the ‘place(s) of transaction’ and, therefore, never experience the ‘system’ from a worker’s or a customer’s perspective. Managers are still living in this outdated command and control paradigm**, based on the erroneous assumption that they know best. They don’t. The workers do. All you need to do is ask them.

(**Command and Control – apart from being two of Fayol’s (1916/49, pp 97 and 109). Five Elements of Management – was based on military management:

“Primarily, the idea is that people do what you tell them to do and, if they don’t, you yell at them until they do and if they still don’t, you throw them in the brig for a while and if that doesn’t teach them, you put them in charge of peeling onions on a submarine, sharing two cubit feet of personal space with a lad from a farm who really never quite learned about brushing his teeth.” (Spolsky, 2006).

Removing obstacles
By ‘workers’ I mean those people whom, day after day, have to do battle with the inordinately wasteful systems within which they are required to work, doing their best – despite, not because of, management’s efforts – to deliver customer satisfaction; those delivery drivers, nurses, lecturers, cleaners, checkout staff, council employees, call centre staff etc. All those good people you recruited. All of whom want to come to work and have a good day. And it’s management’s job to show them what that ‘good day’ looks like and then remove all the obstacles that prevent them from succeeding.

It was Deming (ibid: 315) who estimated that: “...most troubles and most possibilities for improvement add up to proportions something like this: 94% belong to the system (responsibility of management); 6% special.”

(NB By ‘special’, Deming was differentiating between ‘common cause’ variation and ‘special cause’ variation).

And by ‘special’, Deming did not mean the people – he meant those ‘causes’ that were outside the upper and lower control limits of a statistically stable system; those things that do not form part of predictable demand and, therefore, cannot be trained for.

It is somewhat surprising, therefore, that the bulk of
today’s supposedly (but actually not very) enlightened managers still insist on spending 100% of their time on what is (in effect) less than 6% of the problem – ‘managing the people’ – when their time would be far more effectively employed initially addressing genuine ‘special causes’ and then addressing ‘the system’ itself: “…any substantial improvement must come from a change in the system, the responsibility of management,” (ibid).

If this prevailing top-down, command and control, hierarchically structured, target-driven, inspection- and appraisal-ridden regime is to be changed – and change it must – then management across the UK is going to have to change the way it thinks. It’s what Seddon (2007) called a ‘thinking thing’.

Current general thinking amongst most managers is to treat any variation in a person’s performance as a ‘special cause’ when, in fact, it is most likely to be normal, ‘common cause’ variation within the upper and lower control limits of a ‘stable system’ and, therefore, outside of the control of the front-line worker – the ‘system’ is management’s responsibility. The snag is, as Tribus (ibid) said: “…[management] question everything except their own theory of management.”

And this is not new stuff. Just three years after their benchmark book Reengineering the Corporation (Hammer & Champy, 1993) was published, James Champy (1996) wrote Reengineering Management because he realised where the real obstacle to solving ‘process’ (or systems) problems lay: With the people who had created them – managers. As Tribus (ibid) said: “The enterprises which continue to be managed the old way are going to disappear.”

Never – never ever – blame your people for problems in your organisation. All – and, again, I repeat – all problems are management’s problems.

It might make some managers (and especially those arrogant, company-hopping, career-minded managers) feel good to set individuals ‘stretch’ targets, but the fact remains that most managers have absolutely no understanding of this concept already mentioned, called common-cause variation – those ‘variations’ in normal performance; ie what happens in any ‘stable system’ – and instead seek to ‘performance manage’ their people so as to satisfy in turn their own bosses’ demands.

Eyes on the prize

Let’s deal with those ‘less than 6%’ first and get that out of the way. Ricardo Semler (2003), reckoned that about ‘3%’ of his Semco people had their hand in the till (I paraphrase) and my own experience, over a couple of decades of operations management in the field, (a big ‘field’) suggests it was something similar, at around ‘4%’.

Semler said he’d tolerate that. I didn’t. The reason I didn’t was because the remaining ‘96%’ mattered. They needed to see that management cared about the rogues and vagabonds who were shafting the organisation, so we did something about it; we did not ignore the less pleasant aspects of a manager’s job.

Remember, the rest of the staff know what’s going on, but it’s not their job to tell you. It’s your job to know and then to do something about it.

That one aside, the ‘94%’ (Deming, ibid) of ‘most troubles [and] possibilities for improvement’ are where, by far, the bulk of management time should be spent. And please don’t say you have ‘more important’ things to do. ‘More important’ to whom? Your
boss? Or the customer? Or – and more importantly – those customer-facing employees who are trying really hard to satisfy your customers whilst trying to clear or circumnavigate all the pointless and wasteful hurdles your own systems place in their way – systems you put there.

Remember, when you get your new diary each year, it’s empty. If you start by filling it with meetings, then that’s a choice you have made. If, instead, you decide to fill it with numerous and regular blocked-out periods for visiting the front-line in your organisation/department/unit, so that you can do some real learning and gain some true knowledge about how the work flows (or doesn’t) through your organisation, then that’s also a choice. It’s just a better one.

Sam Walton had a refreshing approach to how he prioritised and spent his time: “He says his weeks are very simple... [he has] three-and-a-half days in the store, a day with his vendors and a half-day in the office, which, he says, is excessive but he says he’s 68 and it’s not too late to learn new tricks and he’s trying to cut it back!” (Peters, 1985).

And that was more than 25 years ago! But it’s not even that new. Mant (1979: 53; citing Sheldon, 1923) put it quite clearly: “Management is no longer the wielding of the whip; it is rather the delving into experience and the building upon facts*. Its leadership is based upon knowledge* rather than upon force. Its task is no longer solely that of ‘getting the job through’ rather, in many of its activities, it operates through the application of a capacity trained in the investigation* and solution of problems. Management, in fact, instead of being a law unto itself, has found that there are laws which it must obey.”

And, just to emphasise the point, that was almost 90 years ago. (*Note also the repeated references to ‘getting knowledge’ – seeking ‘first to understand’!).

Of course, you will never know any of this from your office. No-one is going to come and tell you, despite your so-called (occasionally) ‘open door’ policy. Some years ago, one of my own former bosses used to send out a monthly email with the dates and times when her ‘door would be open’. So I used to reply: “Well, go out of it then.” She did. Once, under the pretext of attempting some ‘MBWA’ (I think they’d all been told to do it) and when she saw something that she didn’t like, instead of seeking ‘first to understand’, she went back to her office and –mailed a grapeshot ‘all-staff’ bollocking. She just didn’t get it.

If you are going to spend time with your people, whether or not that’s at the ‘front line’, then it has to be to genuinely show interest. You have to do it on the basis that it’s a real attempt to understand what it is that they do – and how you might help them to do it by removing some of the obstacles in their way; obstacles that (normally) you have put there.

Robert Townsend (1984: 69) said: “So get out and ask them if there’s anything you can do to help” and Deming (ibid: 51) regarded it as the requirement of managers to remove the ‘barriers to pride of workmanship both for production workers and for management and engineers’. Nordstrom made this principle of managers being the support group for customer-facing employees real, by incorporating it very visually in its organisation chart, seen on p32.

Never – never ever – blame your people for problems in your organisation... all problems are management’s problems
Saturday afternoons in the office poring over spreadsheets of data about the previous Saturday's match. It was all they could do to keep him off the pitch (and they were not always successful). Unless you start to practise that little-known management technique called GOYA – get out of your office (I paraphrase) – and some truly genuine MBWA, then you'll never 'get knowledge' about what those obstacles to success are within your own organisation; systemic obstacles, the ones causing '94%' of the wasted effort in your organisation, the ones you designed in and the ones it is your responsibility to do something about.

Not only does management have to spend frequent and regular time on ‘the pitch’, you have to fully embrace your customers in that process.

Either (or preferably, both) you have to seek feedback from them or you have to experience your service in the same way that they do. Otherwise, you will miss the best opportunities you have to get it right for them. Possibly one of the most important diagrams to make this point was Deming's (1986) 'Production viewed as a system', shown in the chart above.

In a recent (November 2011) personal example, my wife and I booked a weekend in Yorkshire to check out a small holiday apartment, with the possibility of going back for a week some time in 2012. It was opposite, and belonged to, a nice pub and the pub was run by two nice people.

However, on arrival the flat was cold. Not only that, when we both came to use the shower, neither of us could make it work; the flow rate kept changing without warning, as did the temperature.

Later, they told us the heating was on the ‘summer setting’. Why? It was November. They knew this beforehand. And even they should (and probably does) be sleeping in a random selection of his own rooms as he tours the world staying in his Marriott International hotels. What he should not do is have his ‘usual room’ prepared.

Size doesn't matter
And this same principle applies no matter how large or small your business. In the Derbyshire town where I live, the local shopkeepers and business owners often complain about the way the supermarkets are ‘taking their business’. Yet the reason (apart, occasionally, from price) that customers often migrate to (eg) Sainsbury’s is because the staff in Sainsbury’s are well trained and the ‘manager’ is regularly out on the floor of the store (Sam Walton, again).

Remember when Terry Leahy first took over Tesco? He spent days stacking shelves and observing the checkouts. He was learning, getting knowledge.

Many of these smaller shops lose sight of why they are there – to satisfy their customers. They don’t open on time and, when they are open, they talk among themselves, ignoring their (potential) customers. This is not acceptable.

Some weeks ago we went into a small deli-type cafe’ in a nearby town and the experience was different again. Chatting to the manager we could see why – commitment. She said she was up at 4am and in the cafe by 5am, seven days a week, and you could see the effects of that. As Deming (ibid: 5) said: “Quality begins with the intent, which is fixed by management.” You have to intend that it goes right for your customers.

Robert Swiggett, former President and CEO of the Kollmorgen Corporation, put it this way: “The leader’s role is to create a vision, not to kick somebody in the backside.

“The role of the leader is the servant’s role. It’s supporting his people, running interference for them, coming out with an atmosphere of trust and understanding and love.

“You want your people to feel they have complete control over their destiny at every level. Tyranny is not tolerated here. People who want to manage in the traditional sense are cast off by their peers like dandruff. We preach trust and the golden rule.” (Swiggett, R; in Peters (1985); and in Peters and Austin (1989), p206; originally quoted in Inc, (1984)).

Kicking ‘somebody in the backside’ – or ‘KITA’, as Herzberg (1968) put it – is not the way to ‘motivate employees’: “People are motivated, instead, by interesting work, challenge and
increasing responsibility” (ibid: 53) and they are motivated by managers who show a genuine interest in what they do by ‘being there’ (Lundin & Christensen, 2001), in those ‘places of transaction’.

The issue is serious. No matter the size of your business – local pub or local council, police or NHS – managers have to fundamentally change their thinking if they are to make any sustainable improvements to the service their organisations deliver and given the parlous nature of much of it at the moment, that shouldn’t be too hard. However, it will require some learning, which entails the appropriate mix of theory and experience: “Experience alone, without theory, teaches management nothing about what to do to improve quality and competitive position, nor how to do it,” (Deming, ibid: 19).

**Stay with the issue**

And before your eyes glaze over at the mention of ‘theory’, remember Lewin’s (1951: 169) comment: “There is nothing so practical as a good theory.”

A good start would be to read and adopt Deming’s (ibid: 23) ‘14 Points of Management’. But then, ally this with a very clear intent to GOYA, and spend some serious amounts of your own management time working alongside your own people in order to understand your own ‘systems’ from an end-to-end perspective (the customers’ perspective), and then exercise your managerial authority to continuously improve these systems to remove the obstacles to your people’s success. This is management’s responsibility.

What will matter in the future is how you spend your time. It will matter what you do!

**Footnotes**

1 In the book of the same title by Peters and Austin, McPherson’s quote is: “When you assume the title of manager, you give up doing honest work for a living. You don’t make it, you don’t sell it, you don’t service it. You don’t stand on the loading docks in the cold or sit in the PBX rooms answering the phones hour after hour.”

2 I had something called my ‘rules of firmodynamics’ where using a rather pragmatic Pareto-based approach, I reckoned that 80% of my ‘problems’ were caused by 20% of the staff, but that (Pareto again) in about 80% of those were worth hanging in with the people concerned and 20% (ie four in every 100) weren’t and they mostly got sacked. And rightly so. It was the 96% who mattered.

3 The 80-year-old Chairman and CEO of Marriott International.

4 www.freshbasil.co.uk.

**REFERENCES**


Talent Management and organisations

By Colin Coulson-Thomas.

Talent management is a preoccupation of many senior human resources practitioners and certain boardrooms. The importance of people has long been recognised in the speeches of chief executive officers and alluded to in corporate annual reports. Is ‘talent management’ another management fad? Will it go the way of other fashions as new priorities emerge or will it have a significant impact upon future performance?

A new report suggests that, for many organisations, the challenges which talent management seeks to address are real and pressing, but the approaches they adopt ensure their efforts are doomed to disappoint (Coulson-Thomas, 2012). A practical and much more affordable way of quickly achieving multiple corporate objectives and measurable benefits for both people and organisations is often being overlooked.

Disadvantages of prevailing approaches

The evidence presented suggests many boards should question the approaches, initiatives and programmes being adopted to create high performance organisations (Coulson-Thomas, 2012). A practical and much more affordable way of quickly achieving multiple corporate objectives and measurable benefits for both people and organisations is often being overlooked.

Problems with contemporary talent management

Many approaches to talent management are unaffordable. Companies engage in bidding wars to recruit people considered especially talented or high flyers. As the supply of identifiable and deployable talent dries up, organisations move on to compete for those thought to have ‘potential’ in an uncertain future. With training inputs quickly forgotten, building talent internally may not be considered a viable alternative within an acceptable timescale. Yet an examination of Wall Street analysts by Boris Groysberg (2010) suggests individuals identified as very talented may not necessarily perform at the same high levels when lured elsewhere by increased salaries. His findings suggest consciously buying high performance can be expensive, as a star in one context may not do so well in another. They strengthen the case for focusing on a particular context, for example, by putting the right support in place to create a high performance team.

Talent as a challenge and an opportunity

Having talented individuals on the payroll is one thing, leveraging their capabilities to secure competitive advantage is another (Lawler, 2009). Talented people may not only be costly to recruit, they can be difficult to manage and
Building high performance

retain. Colleagues might feel threatened by them or alienated by their special treatment. They may appear prima donnas, obsessed with building their CVs and personal careers. Some may become bored and discontented when given tasks they feel are beneath them.

Clever people need to be appropriately managed if their full potential is to be realised (Thorne and Pellant, 2007; Goffee and Jones, 2009; Groysberg et al, 2010). Yet just focusing upon them can result in other possibilities being missed. Certain people, who may not stand out, might excel at particular activities and tasks and maybe performance support could enable them to ‘push the envelope’ and help others to emulate what they do differently (Coulson-Thomas, 2007 and 2012).

While some of the qualities and talents that people have might be transferable, an exceptional talent in one area may be found to be average in another. What often count in competitive situations are the skills employed in a particular job, especially a job that has a disproportionate impact on the bottom line.

Benefiting from human capital

In short, fortunes can be spent on expensive people who are not engaged, effectively used or appropriately supported. Sometimes, even when effective use is finally made of a talented person, the individual gets headhunted by a competitor and another organisation reaps the benefits of a selection, recruitment and development process.

Staff turnover remains an issue for many organisations and various retention strategies are employed (Allen et al, 2010). The emphasis sometimes given by various players to recruiting talent can increase churn within a particular marketplace.

In contrast, helping and developing existing workgroups can aid retention and increase the extent to which an individual firm benefits rather than organisations in general (Gathmann and Schonberg, 2010) by providing particular task support, sharing good practice and aiding retention (Coulson-Thomas, 2012). Its greater cost-effectiveness can also reduce the size of organisation that can benefit from investment in human capital (Antonelli et al, 2010).

Horses for courses

Companies use various means of assessing and managing ‘talent’ (Smilansky, 2006; Davis, 2007). While guidance on identifying an organisation’s ‘best people’ may be available (Stuart-Kotze and Dunn, 2008), an individual who shines in one context may struggle in another. Even superstars can have areas of deficiency. Focusing on particular jobs and tasks makes it easier to identify high performers. Support provided can incorporate critical success factors and the winning ways of peers with similar responsibilities.

Investigations of critical success factors for key corporate often find highly talented people with outstanding
Talent management

Talent management qualifications tackling particular tasks in a ‘loosing way’, while people with fewer credentials undertake similar tasks in a more effective way (Coulson-Thomas, 2012).

Success depended mainly upon whether or not – and to what extent – critical success factors were in place and work was done in a winning way.

The implications are particularly stark in an area, such as bidding for business. In certain fields, all major contracts are put out to competitive tender. Success at submitting winning bids can determine whether or not a company survives as a main contractor. Rejected proposals can waste resources and the more successful a talent management team is, the more qualified any people being made redundant might be.

A more cost-effective alternative

Is there a more affordable approach which can improve results by taking people as they are ‘warts and all’? Is it possible to build a high performance organisation with the people we have – ‘bog standard’ or average people who do not cost ‘an arm and a leg’ to recruit and retain? Can this be done in such a way that delivers quantifiable benefits and multiple returns on investment within a few months?

If sensibly applied, an alternative approach could prevent the gulf between aspiration and achievement that has so often been experienced (Coulson-Thomas, 2012).

Early evidence from pioneer adopters suggests it represents a more focused, relatively quick and very cost-effective way of securing extremely large returns on investment and simultaneously achieving multiple corporate objectives.

The approach brings together different elements, from helping people to understand complex
areas and making it easier for them to do difficult jobs, to providing support on a 24/7 basis to people wherever they may be, including across a global organisation.

It is relevant to small ventures as well as large organisations, applicable to public as well as private sector organisations, and can contribute to the creation of flexible, adaptable and high performance organisations.

The approach can boost the achievements of average performers and facilitate the flow of work and opportunities around the globe. Pioneers have built critical success factors into processes for key activities and adopted cost-effective ways of helping people to emulate the winning ways of high performing superstars (Coulson-Thomas, 2007 and 2012). Transformed workgroup productivity and corporate performance have delivered commercial success as well as personal satisfaction for individuals.

Implementation options

There are different ways of delivering the recommended approach. Putting missing critical success factors in place and adopting more effective practices, following a review of areas such as bidding and account management, have had a dramatic impact.

Some companies have become many times larger within a few years. Simple checklists on paper or on screen can have an instant impact (WHO, 2009). Longer checklists found in some codes, definitions of standard competencies and methodologies may not do the trick, but short ones that capture the critical success factors and winning ways required in a particular situation can be very effective.

Small groups in particular places can be reached by personal intervention. In more than 100 organisations, people quickly adopted a more effective way of doing a job once they realised this would make it easier for them to succeed (Coulson-Thomas, 2012). Most of them wanted to do well and the reduction in stress – and other benefits that resulted – was a bonus. In many cases, a few days' consultancy led to a significant impact.

When larger numbers of people doing more complex tasks in a variety of locations have to be simultaneously engaged, and the drawbacks of traditional training and dissemination are encountered, technology-enabled performance support may be relevant.

Applications have shown it can be very cost-effective and that focusing less on highly talented individuals and more on the support needed to undertake key jobs can improve the achievement of corporate objectives (Coulson-Thomas, 2012).

Delivery needs to be appropriate for the situation, whether by personal intervention, a simple checklist or more sophisticated tool, but the first requirement is to understand the relevant building blocks of the cheaper and quicker approach. More successful adopters choose the most appropriate elements to deploy in a given situation.

Evolution or a change of direction

For some organisations and HR teams, the recommended approach might represent a next stage, be seen as a change of focus or emphasis or as a better way of addressing certain challenges and delivering particular objectives (Coulson-Thomas, 2012). It can improve performance and effectiveness in core areas of the work of an HR team and in a variety of other important activities across an organisation.

Talent Management 2 could represent a possible add-on to an existing transformation programme that could leverage other investments that have been made and achieve a more visible and quicker impact (Coulson-Thomas, 2012). What is being suggested is that existing corporate initiatives be questioned and reviewed and an alternative and complementary route to creating a high performance organisation explored.

Warning signs

Much expenditure and management time are devoted to people, activities, technologies and fads that do not relate to identified critical success factors for competing and winning. In some cases, almost every company visited was found to be devoting considerable resources to similar initiatives that would make little, if any, difference to outcomes achieved in areas covered by the investigation (Coulson-Thomas, 2007).

Some approaches and business services appear to entrench losing behaviours. The reason for this paradox is that many of the companies examined do not appear to be aware of either the critical success factors for certain activities or successful approaches to them. Most companies visited were poor judges of their relative performance in the areas examined and unaware of the reasons why they are not more successful. The reasons for their rankings may also have been misunderstood.

Many of the companies observed lacked awareness of both who their superstars are and relatively simple and cost-effective ways of enabling others to emulate the achievements of high performers. Studies within the research programme suggest a relatively small proportion of people excel at the activities examined, while there is a long tail of barely adequate performance (Coulson-Thomas, 2007 and 2012). Yet the more able are often engaged on similar tasks to those of less competent colleagues.

Training and development activities often focus on what people are not good at rather than enable them to achieve more in the areas in which they excel. People are encouraged to address weaknesses in activities they may not enjoy, rather than build upon their strengths and do what they enjoy doing and do best.

Deficiencies revealed by annual assessment questions may not relate to a key job role, while important role requirements may not feature them.

Untapped potential

The findings of a programme of investigations suggest considerable untapped potential among ordinary performers that might be realised if they could be helped to emulate the approaches of their more successful peers (Coulson-Thomas, 2007 and 2012). In general, the size of the achievement gap between the top and bottom quartiles also suggests large performance improvements could be delivered.

Even high performers could do so much better. In relation to competitive bidding, the superstars in the top quartile of achievement are only very effective at less than half of the identified critical success factors (Coulson-Thomas et al, 2003)

The findings suggest every company participating in the research programme could significantly boost its overall performance by building more critical success factors into certain processes and adopting more winning approaches in areas of relative under achievement (Coulson-Thomas, 2007). However, in many companies
potential high achievers are held back by procedures and processes that do not incorporate identified critical success factors and winning approaches. Company-wide training and standardisation programmes often force the adoption of corporate practices by certain people whose own approaches would have been more successful.

In large organisations, it is often the case that someone has a better way of operating than the approach suggested in the corporate manual.

Extent of the opportunity
A survey by Hewitt Consulting of 240 organisations (Warren, 2008) found that “most of the companies surveyed are failing to see an adequate return on their investment in talent management” and “many HR functions have yet to demonstrate the true value of the talent management processes and programmes that have been developed over the past decade”. A third of the participating companies reported revenues in excess of $10 billion and almost two thirds had operations outside of the UK.

Many under-achievers are unaware of what could be done differently to obtain better results. Despite warning signs, the scale of the upside potential is encouraging for those who would like to raise their game.

Critical success factors for important areas, such as winning new and repeat business, have been identified, and because they are mainly behavioural there are cost-effective ways of enabling their adoption (Coulson-Thomas, 2007 and 2012). It is possible to liberate and build both ordinary and exceptional talents and help people to emulate superior approaches.

The recommended approach can benefit the public sector, knowledge networks and the professions, as well as companies (Coulson-Thomas, 2007 and 2012). In all these arenas, people and organisations can benefit from capturing and sharing what high performers do differently and making it easier for average people to excel 24/7 at difficult jobs wherever they may be. High returns on investment have been quickly obtained by early adopters and multiple objectives simultaneously achieved.

Lessons and Implications
Investigations undertaken for the new report suggest some key messages for those concerned with talent management. Bringing in exceptional people – even if affordable – can create a host of problems if they are not properly managed, which is often the case. Paying for talented people may make little sense for organisations that cannot harness or capture and share what they do differently.

Talent needs to be relevant to what an organisation is seeking to do and critical success factors for excelling in key roles. There is a proven and cost-effective route to the creation of a flexible high performance organisation in which average people can understand complex areas and excel at difficult job and, with appropriate support, talent can be built as and when required (Coulson-Thomas, 2012).

One can avoid general, expensive, time-consuming and disruptive corporate programmes and adopt quick, focused, cost-effective alternatives that generate large returns on investment and quickly deliver multiple benefits for people and organisations.

Critical success factors for key corporate activities – and what high performers do differently – have been identified and enable 24/7 support to be provided to average performers, wherever they may be, to enable them to excel at difficult jobs.

Key questions for corporate leaders
Directors, corporate executives and organisational leaders should assess whether their current approaches to talent management are affordable, delivering or not delivering and missing opportunities. They should also consider whether talent management and other initiatives are contributing to reducing cost and/or stress, boosting performance, increasing understanding, ensuring compliance, speeding up responses and learning.

What are the main problems with talent management and how can they best be avoided? Are gaps between promise and delivery inevitable or is there an approach to building the talent required and transforming performance that is both affordable and relatively quick? Is there a way of achieving a high performance organisation and multiple objectives with existing people and a current corporate culture?

Many organisations fail to reap the benefits of having access to people who excel in certain areas. Is the talent being acquired or developed relevant to corporate aspirations and critical success factors for succeeding in key roles? Is it recognised? Are training and development helping people to build upon natural strengths and become even better at what they excel in? Are exceptional people engaged or bored?

Conclusions
Applications examined demonstrate more practical and cost-effective approaches can boost performance, cut costs, speed up responses, reduce stress and ensure compliance (Coulson-Thomas, 2012). Both people and organisations can benefit and exceptional people can have a global impact. They can be helped to become even better and to secure the recognition they deserve.

Public services, like healthcare, which impact upon all our lives, can also be transformed (Coulson-Thomas, 2010). Challenges like global warming can be addressed, for example, by the use of performance support tools that help people to take more informed and responsible decisions (Coulson-Thomas, 2011).

Overall, many organisations are missing a massive opportunity to achieve multiple objectives.

ABOUT THE AUTHOR
Prof Colin Coulson-Thomas FMS, an international adviser on transforming performance and process vision holder of major transformation projects, was the world’s first Professor of Corporate Transformation. He has helped more than 100 organisations to improve director, board and corporate performance; reviewed the processes and practices for winning business of over 100 companies; and spoken at over 200 national and international events in over 40 countries. Colin’s 40 books and reports include Talent Management 2, The Knowledge Entrepreneur, Developing Directors and Winning Companies; Winning People. Colin has held professorial appointments in Europe, North and South America, the Middle East, India and China and a variety of private and public sector directorships. He is a member of the business school team at the University of Greenwich and an Adjunct Visiting Professor at Manipal University. Colin can be contacted via www.coulson-thomas.com and his latest publications obtained from www.policypublications.com.
References


Davis, T (Editor), (2007), Talent Assessment, A new strategy for talent management, Aldershot, Gower.


Stuart-Kotze, R and Dunn, C, (2008), Who are your best people? How to find, measure and manage your top talent, Harlow, Financial Times Prentice Hall.


Unfair dismissal – your rights after the termination

Being dismissed from your job is often a distressing experience, but in such circumstances you may have rights to compensation. You may be entitled to be paid through your notice period or to compensation if your dismissal was unfair. You could be due a redundancy payment or to be compensated for discrimination.

Wrongful dismissal and breach of contract
Wrongful dismissal is a contractual claim. This arises where you have been dismissed and your employer has failed to fulfil their contractual obligations to give you notice of dismissal.

Your right to notice
Unless you are guilty of gross misconduct, your employer must either allow you to work out your notice or make a payment to cover that notice period. The notice period is whatever the contract says, subject to the statutory minimum of one week for each full year of employment.

Even if you have been wrongfully dismissed, you are under a duty to do your best to find alternative employment (to ‘mitigate’ your loss).

In assessing what your losses are, you have to offset any earnings you receive during that period and any earnings you ought to have received, assuming you had made reasonable attempts to find alternative employment, from what you would have received if you had not been dismissed.

Damages for wrongful dismissal are generally free from tax up to £30,000, but the measure of loss is the net pay and benefits for the notice period minus any earnings in mitigation.

Alternatively your employer may reserve the right in your contract of employment to make a payment in lieu of notice. If this is the case you should receive a payment which reflects the length of your notice period.

You are not expected to work your notice period. This payment is taxable as earnings in the usual way.

What is unfair dismissal?
If you have been employed for one year or more you have a right not to be unfairly dismissed. In order to dismiss fairly, an employer must:
• Have a fair reason for dismissal; and
• In dismissing the employee must follow proper procedures and the dismissal must be fair in all the circumstances.

Potentially fair reasons for dismissal include: lack of capability, misconduct,

Remember that time limits can be complicated and you should take prompt legal advice if you think you may have a claim.
ion of your employment

redundancy and some other substantial reason.

Even if it is established that the dismissal falls within one of these potentially fair reasons, the process of the dismissal must also be fair.

An assessment of the process must be made, typically covering issues such as:

For misconduct dismissals – whether a reasonable investigation was conducted and whether the sanction of dismissal was a reasonable one. It may also be relevant to consider whether the ACAS Code of Practice on Discipline and Grievance Procedures has been followed.

For poor performance dismissals – whether you were warned as to your performance and given a fair opportunity to improve. It may also be relevant to consider whether the ACAS Code of Practice on Discipline and Grievance Procedures has been followed.

For redundancies – whether you were warned and consulted, whether there was an objective and fair selection process and whether alternative employment was considered.

If you have been unfairly dismissed, you will usually be entitled to a basic award depending on your weekly pay, of up to £400 per week (as of 1 February 2011) for each year of employment multiplied by 0.5, 1 or 1.5 depending on your age (though not where a statutory redundancy payment has been paid) and a compensatory award based on your losses up to a current maximum of £68,400 (as of 1 February 2011).

A tribunal will set the compensatory award with a view to covering the time during which you are unemployed as far as it is just and equitable for it to do so. This will take into account the efforts you have made to find another job.

An unfair dismissal can, however, result in a reduced or nil compensatory award if it is found unfair for procedural reasons alone and the Tribunal thinks a fair procedure would have made no real difference.

There are also certain types of dismissal which are automatically unfair, like dismissal for maternity reasons or due to whistleblowing. If such matters are the reason or principal reason for dismissal, there is no minimum service requirement or limit on the compensation.

ACAS Code of Practice on disciplinary procedures

If your employer unreasonably fails to comply with the ACAS Code, an
employment tribunal can increase your compensation by up to 25 per cent if you succeed in a claim for unfair dismissal.

It is important to get advice at an early stage if you find yourself subject to a disciplinary procedure because any award of compensation you ultimately receive via a Tribunal if you are dismissed can also be reduced if you, as the employee, unreasonably fail to comply with the ACAS code.

Redundancy
Redundancy is a potentially fair reason for dismissal. In order to satisfy the definition for redundancy, the dismissal must be related to the fact that:

- Your employer is ceasing to carry on its business or it is ceasing to carry it on in your place of work; or
- The requirements of the business for employees to carry out work of a particular kind have reduced or have ceased.

The focus on the need for employees means that if the same amount of work is to be done by fewer employees, this is still a redundancy.

If you have been continuously employed for two or more years and you are made redundant, you will be entitled to a statutory redundancy payment of up to £400 per week for each year of employment (as of 1 February 2011) to a maximum of 20 years (multiplied by a factor of 0.5, 1 or 1.5 depending on your age).

Some employers may have contractual policies which provide redundancy payments over and above the statutory amount.

Where you are made redundant, but are offered suitable alternative employment, you may lose your right to a redundancy payment if you unreasonably refuse that offer.

For the alternative employment to be deemed ‘suitable’, it would normally need to be at the same or similar level of salary and benefits, status and responsibility.

You would also have to be given at least a four-week statutory trial period, during which time you may decide – if reasonable – that you do not wish to continue in that employment, to leave and to accept the redundancy payment instead.

Please note that the new ACAS Code of Practice does not apply to redundancy situations.

Constructive dismissal
This is an unfair dismissal claim that arises when an employee resigns from their job because of a fundamental breach of contract by the employer. You should seek legal advice if you are contemplating leaving your job because of your employer’s conduct.

Please visit www.rjw.co.uk for the factsheet Making Sense of the Issues Surrounding Constructive Dismissal, part of the Employment Law Series.

Discrimination
You may also be able to bring a further claim in an employment tribunal if your dismissal amounted to less favourable treatment on the grounds of your sex (including marital status and pregnancy), race (including nationality), religion or philosophical belief, sexual orientation or age. The same applies if the dismissal was related to a disability or where the employer had failed to make reasonable adjustments to accommodate your disability.

Please see the RJW ‘Discrimination’ factsheets for further information.

Bringing a claim
You have three months less one day from the date your employment ends to bring a claim in an employment tribunal for unfair dismissal and/or for breach of contract as a result of a wrongful dismissal. Lodging a grievance or being in an appeal process does not affect this time limit.

The employment tribunal only has jurisdiction to consider a breach of contract claim worth up to £25,000. Where a breach of contract claim exceeds that amount, a claim would need to be brought in the County or High Court, for which there is a six-year limitation period from the date of the breach of contract.

You also have three months from the date of any discriminatory act (which may be the dismissal) to bring a discrimination claim in an employment tribunal. Again compensation can be increased or reduced by up to 25% if either side has unreasonably failed to comply with the ACAS Code’s provisions.

You have six months from the date of termination within which to bring any claim for a statutory redundancy payment.

Remember that time limits can be complicated and that you should take prompt legal advice if you think you may have a claim.

ABOUT THE AUTHOR
Russell Jones & Walker Solicitors are home to the independently top ranked employment law team for individuals within England and Wales. We do not deal with businesses and this puts us in a unique position to advise people regarding their employment rights with no conflict. The team deals with all areas of employment law and regularly acts for senior executives and alike negotiating complex settlements and resolving employment issues.
Find and focus on getting lean
By James K Franz, Vice-President – Global Operations, The Toyota Way Academy. Part one of putting lean into practice.

The first day: It was the first production shift after a rather involved line rebalancing. The first problem surfaced in less than 20 minutes. It took a further ten minutes for the line to grind to a halt. Each operator, upon completing their particular job, would press the station release button to release the self-powered cart downstream to the next station.

After a quick poka-yoke check done by the line control computer, the cart’s electric motors would click on and quietly hum as it moved its precious cargo on to the next operator. If, for some reason, the cycle wasn’t complete, the cart wouldn’t move. It could be a torque issue or a sequence issue as the line controller was evaluating both the torque of each individual bolt and the sequence of each operation.

Any deviation would fault the entire station and prohibit the release of the cart until a technician could clear the fault and verify a quality part. A ‘gap’ would then begin to appear as the downstream processes would release their carts, but there was no upstream movement.

This is exactly what was happening in Section 2, Station 3. As each station was idled, the operators would busy themselves organising their particular work areas and a few more senior people began to walk up the line to see what the problem was. Surprisingly the station was currently occupied by a senior operator; one whose 12 years of service had yielded only positive reviews and a rather extensive knowledge of the line. The problem was found to be an out-of-sequence torque with bolt 7 and 8 having been torqued out of sequence.

The fault was cleared, the part was removed and re-attached and production began anew. Three minutes later, another part of the line experienced a similar problem and a gap began to creep inexorably down the line. Same response: tech clears fault, reruns part and production resumes.

This process repeated itself throughout the morning with no stations being immune from these minor stoppages.

By lunchtime, the line had lost nearly half the planned volume and the buffer to the customer was beginning to drop below the target level. Daily overtime would need to be scheduled to ensure that the customer was protected from any potential shortages and give the plant enough time to attack the problems.

A short-term slide to the plant’s bottom line was going to hit and the management and line support teams would spend the next two or so months splitting their time between fire fighting on the floor and creating PowerPoint presentations for upper management to review on the launch rebalance progress.

Long shifts and seven-day weeks will begin to burn people out and the small progress made would be very difficult to sustain: Groundhog Day will have begun.

This is the nightmare scenario I outlined to the plant’s leadership team as we set about the task of planning the complete facility rebalance. The operations people present at the conference room table quietly nodded, no doubt reflecting on past ‘launches’ with the resultant scar tissue. The engineering and finance
people looked at me with incredulous looks and dismissive shakes of their collective heads.

**The challenge**

This particular facility was a Tier 1 supplier to one of the largest automotive companies in the world. They sub-assembled, in sequence, the engine and transmission and shipped them across town to the assembly plant where they were moved from the back of the delivery truck directly line-side where they were then installed into the waiting vehicle.

This type of system tolerates exactly zero problems and will immediately idle the department and eventually the plant. This outsourcing of critical sub-assemblies was fairly common in the last decade or so, as vehicle makers sought to reduce their labour costs.

A Tier 1 supplier would be selected, a small facility would be built or leased close to the assembly plant and the supplier would build the required parts in sequence for delivery direct to the line. Essentially the work that used to be done in-house was now done across town at a lower tier wage level. Complexity could also be managed in this way because the responsibility now fell on the supplier’s shoulders.

This particular customer, fearful of any potential line stoppages, had mandated that the line be able to demonstrate a two-hour production run at 30% above the stated volume to guarantee that the supplier would be able to handle volume fluctuations without jeopardising the assembly plant. Since the powertrain sub-assembly line, which was basically a large racetrack, had to be equipped with countless electric torque wrenches, controlled by a sophisticated line control system complete with built-in error-proofing, the engineering team set up the line to run at the 30% over-speed condition as dictated by their customer. To try to move all the equipment around for a production buy-off run would require double the hours and potentially delay their already tight launch schedule.

The trial run was successful and the customer signed off on the production line. The supplier was ready to begin their launch ramp.

The beginnings of a problem materialised two months into production, as the customer’s volumes were much lower than forecast and stayed that way.

The supplier now had a serious problem on their line. Not only had the engineers set up the line to run at the 30% over-speed rate dictated by their customer, but they also had to deal with volumes ranging from 15 to 30% below what the line was designed for.

They now had a cycle time that was far faster than their customer demand. Paradoxically they were also running overtime to keep the buffer between them and the assembly plant within acceptable limits. It didn’t help that their customer plant would periodically send in their own ‘lean experts’ to review the line and make recommendations. Typically the supplier was directed to combine two jobs into one and their negotiated purchase price would be lowered next week.

It was about this time that we got the email.

**The Review**

As we reviewed the situation, a few things jumped out at us:

1. End of line rework was required on almost 20% of the units;
2. Team members were working out of their
ABOUT THE AUTHOR
James K Franz has more than 25 years of manufacturing experience and learned lean as a Toyota Production Engineer in Japan. He started at the NUMMI plant in California, moved to Motomachi in Japan and then teamed up with six engineers in the launch of Toyota’s $250 million paint facility in Kentucky.

In 1993, Jim left Toyota to apply his lean knowledge at Ford Motor Company, beginning in production engineering. In 2000, he accepted a three-year assignment at Ford of Australia and led its Stamping, Assembly, Casting, and Powertrain facilities to global leadership in lean for Ford.

During this time he also worked with Tier 1 and Tier 2 supplier plants in their transformation efforts. Upon his repatriation he then became a lean advisor in Powertrain for global alignment of lean practices.

Jim left Ford in 2004 to work with nine-time Shingo prize-winning author Dr Jeffrey Liker as a Senior Lean Consultant. In 2008 he partnered with Dr Liker to co-found the Toyota Way Academy.

His work has taken him to various companies around the globe including Bosch, the US Air Force, Exxon Mobil, AMCOR, Android Industries, Applied Materials, Benteiler Automotive, Case New Holland, Caterpillar, Dakkota, Fisher Coachworks, Grand Rapids Chair, Henry Ford Health System, Hertz, JLG, MENLO Logistics, Rio Tinto, SAF Holland, Continental VDO, Visteon and WABCO. He also teaches for the University of Michigan’s Center for Professional Development’s Lean Certification course.

With a Bachelor of Science in Manufacturing Systems Engineering from General Motors Institute in Flint, Michigan, Jim completed a Master of Science degree in Engineering Management at the University of Michigan.

He has collaborated as co-author with Dr Liker on the latest of the Toyota Way books: The Toyota Way to Continuous Improvement - Linking Strategy and Operational Excellence to Achieve Superior Performance, published (April 2011) by McGraw Hill.

stations both up and down the line;
3. Short line stoppages were legion;
4. Every station on the line had at least one operator in it;
5. Some operators were over cycle and some had a lot of waiting time.

It was painfully obvious that the line wasn’t set up to run at takt time and there was a wide range of skills present on the assembly line leading to the erratic output, both in terms of quality and quantity. Some of the jobs had the operators fully engaged during their cycle, while others seemed to spend most of their time waiting. The daily and weekend overtime was also taking its toll on the two shifts as they essentially met each other coming and going each day.

The Plan
The supplier had already begun the analysis of what a line rebalance would entail. There were guns to move in every station, line controllers to reprogram, stock locations to move, racking to modify or build from scratch, new buffer locations and work contents for each station had to be determined. It was at this point we ran headlong into their mechanistic culture.

As we reviewed their plans, we asked the obvious question, to us anyway, as to where their training plans were for the team members. We were told that most of the team members had enough experience to know what they were doing so it wasn’t going to be a problem. We were also told that because they printed out their version of a standard work sheet on an oversize sheet of paper, in colour, and laminated it and hung it basically in front of their operators’ faces, they wouldn’t need to be trained because ‘if you do Standard Work right, it takes the place of training.’ We were definitely sailing into strong headwinds here.

We were brought in to help them ‘do lean’ so we weren’t shy about reviewing their plans. We pointed out that they were falling into the trap of mechanistic thinking. This is where your world view is basically that only the process needs to be focused on and if you can just find the really, really smart people in the organisation to write sophisticated algorithms and somehow find a way to force people into compliance then everything will be great.

This is an elegant, static solution to today’s problems. The reason why this fails 100% of the time is that we don’t live in a static world and our production systems are more than just machines.

Without a team of strong problem solvers that are able to continually adapt to a changing environment the output of the system will fail victim to what we call ‘industrial entropy’ and its performance will continue to degrade to the lowest level.

A culture of continuous improvement is sustained not by a cadre of ‘experts’ making changes from the comfort of their cubicles, but rather each and every team member out on the floor measuring their performance against a known standard. We say that without a standard you can’t have a problem. The problem is very simply the gap between the observed performance and the established standard or target.

This concept holds true whether it is a repetitive job on a production line or a business process in a service organisation. With this definition we identified problems in their quality, cost and morale metrics.

The next edition will look at how the supplier reacted to the plan and what was implemented.
Why Don’t YOU Join the IMS

With the advent of life membership we are attracting new members. There are still people who are engaged in management services who are not members and we would like them to join the Institute.

We can use our ‘direct entry’ route to fast track this and information is available from Brooke House.

We very much hope that our existing members will make potential members aware of this option.

- Actively promoting the IMS in your place of work
- Encourage colleagues at work as well as professional and social contacts to join the Institute
- Refer potential new members to the Journal as an example of what the IMS is about
- Remind potential members of the benefits of IMS membership, eg, education system, regional structure, recognised professional qualification
- Up to the minute information via the IMS Journal and website professional support
- Undertaking contract/consultancy work

What Next?
Contact the IMS for an application form
W: www.ims-productivity.com
E: admin@ims-stowe.fsnet.co.uk
T: 01543 266909

Brooke House, 24 Dam Street, Lichfield, Staffs WS13 6AA