Transcription - Chad Bareither Part 1

Welcome back I'm Kim Baillie, she's Fulyana Orsborne and this is Inside Exec. And today we've got a guest with us, and that's Chad Bareither and he's going to talk to us, among other things about process improvement for leaders. So let me firstly introduce you to Chad. From an early career as a quality engineer Chad Bareither quickly found his niche and passion in continuous improvement. Now with years of experience as an internal change agent for larger organizations, including three fortune 500 companies, he takes that operational excellence mindset beyond the shop floor. As the owner and Principal Consultant of Bareither Group Consulting, he enables continuous improvement through the application of Lean and Six Sigma methodologies. Chad partners with his clients to clarify and deploy their strategy, make process improvements to achieve those goals, and establish a system for daily management of the business. These three elements of a business management system are the foundation of sustainable gains and the subject of a forthcoming book to help even more organizations and leaders get their time back and improve their performance. Chad is a certified Lean Six Sigma master black belt, and holds a bachelor's degree in mechanical engineering from Michigan Technological University as well as a master's degree in both industrial and systems engineering, and applied statistics from Rutgers. So welcome, Chad.

After all of that, I feel kind of tired. Like I actually did all that.

Chad, I know that in our interaction before this session, you and I had a quandary over some terms that I use, because my background is quality management systems, which is slightly different to what we're talking about today. And I also know that Fulyana, she told me this morning, she hasn't bothered to tell me in the 40 plus years that we've known one another until now, until this morning, that's she's a black belt in the Six Sigma methodologies. And so the two of you are going to have lots to talk about. And I'm just going to learn a lot from the session. So welcome, Chad. It's good to have you with us.

Thank you, pleasure to be with you.

Actually. I'm really, really excited because this is one of the areas I'm very passionate about. Now think it's a good start with your question Kim about the difference.

The question that we sent to Chad earlier was, is there a difference between process improvement, and what we would generally in this country call quality

management systems?

So I do think there is, and I've worked in several regulated industries, and so from military,defense, med device and pharmaceuticals, where they have a quality management system in place, and generally the Quality Management System is seeking stability, right? We want to reduce variation of process so that we have a more consistent output of product, of service, of data. So quality management system that is typically looking for, how do we make sure that we get consistency. Almost juxtaposed to that process improvement or continuous improvement seeks to improve and you cannot improve or change results while you're remaining static. A coworker of mine, former coworker of mine, Lynn Ashok used to say nothing changes if we don't change something. And so it's almost like the two can be diametrically opposed, right, if we're trying to continuously improve, which implies that we would change processes or tools or methodologies. But there are companies who have figured that out and can be agile enough to rapidly improve processes and then get stability and they don't see standardization as a barrier to improvement. It's what creates a stable platform to improve from. So the best companies I've worked with, that have figured some of this out, use that kind of as a stepping stone. So we standardize to create a level of performance and we improve off of that.

That's great. Okay, first question we sent you which is, follows on from that is, is it still a relevant management tool?

Yeah, you know, it depends which part but either way, I would say yes. So I'm going to speak more specifically to some of the traditional process improvement methodologies that are in the marketplace, maybe branded as Lean or Six Sigma. Previously, it might have been things like theory of constraints. And I do believe that all of these things are still relevant in terms of achieving operational excellence. So in some organizations, they might have what they call an operational excellence program, or operational excellence office, when I use the term operational excellence is a state of performance, like we're pursuing an excellent level of performance in our operations, the program that we use to get there is just kind of the flavor that best fits our culture, right. And we shouldn't be shy about that, no one should be trying to just cut and paste, copy and be the next Toyota.

I think sometimes there's a reluctance to let go of the current management methodologies of saying what a lot of process improvement, continuous improvement is asking you to do is not do something else, is actually to change the way you're doing some of your current management practices, which is a

fundamental difference in that. And the interesting thing that I've seen in a lot of successful organizations is, we can't just like slap on additional things. So you know, there's shiny buzzwords in industry about like digitization or automation and analytics and now we have things like AI and industry 4.0. And like, layering technology on top of broken processes, is not a sustainable way to scale and get better improvements. So a lot of what we're talking about is Six Sigma, Lean, Theory of Constraints, is really looking to take a process, look at our business, build a system around how we manage the company. And that creates that stable foundation we can leverage off of.

If you're in a situation where the organization, you're at a point where you can make the decision, the organization needs something, doesn't have anything at the moment. Is there an easy entry point system? An easy entry point for the system?

Yes. So when I'm working with organization, it's the same process. And I guess the entry point to your point, or your question would be dependent upon what they already have developed. So it's important to know why we're doing this at all. A lot of organizations struggle on that first point of just like, so what is our mission and our vision? And I admit, there was a period of my career where that sounded very, you know, fu phooey, like kind of the soft startup of like, do we have a mission statement? But it's important because our strategy is derived out of that. So where are, where do we want to go, is kind of anchored in why we exist in a company and what we're trying to accomplish. And that doesn't mean everyone needs to save the whales and, you know, cure cancer, right? We can, you can have a very humble mission and vision, which is satisfying your supply base. But it's like, we need to anchor that starting point, it's kind of why do we exist? What are we trying to create for our customers, or the cause that we serve?

After that, so then step two is having a compelling strategy, which is kind of what we want to do and how we think we're going to get there. And with the clients that I serve, we use the objectives, goals, strategies and measures framework that was developed by Archpoint Consulting. So now we kind of know why we exist, and what we're trying to accomplish. And there may be organizations that already have figured that out, they say, Oh, great, we've got all that. So then the next thing, and I think this is novel in the approach that I've learned from my mentors, is developing what I call the management system. It is saying great, if these are the goals, the measurable outcomes that we're trying to look at, how can we cascade that down into actual processes that we need to manage and improve? And so we use a tool, right? A key performance indicator, a KPI tree

that actually cascades from goal down to what are we going to manage every day. And so now I have clarity on what's the most important thing for me to manage every day. So you know, our tagline is "our business is helping leaders get their time back and improve performance". And a lot of leaders are struggling with time because their attention is diffused in a million different directions. If we can just have that starting point of clarifying mission and vision, having a concrete goal that we're going after, and then cascade that down to what processes are the most important to pay attention to, that would be an amazing starting point.

Very briefly, you mentioned about being nimble, and we've just spent some time with another guest who was very focused on being nimble. Does this system allow you more opportunity to be nimble in your responses as a manager?

I do believe it does. But that's not something that happens overnight. Right. So I think you could pick your analogy, whether sports or hobby or music, right, you choose a system that you're going to operate in. And you can become effective at operating that system, but not nimble enough to change overnight. And so over time, though, if we have this same playbook, the same five step process that we're going through, and we can revisit that as industry conditions change, as competitors, you know, rise and fall, as supply chains get disrupted, we would be more nimble to change our strategy, because we've already done it before, we have a system that we can just replicate and say, well, we need to change the goal. And we need to change the vision. And everything else. We've already built the muscle memory. And so if we take that to the processes, existing processes, you then use, I guess, the Six Sigma methodology to review those processes and improve them.

Is that still happening now in companies?

Yes, it is. And so definitely in the organizations that I work with. I promote the DMAIC, which is a five step, process improvement methodology. And DMAIC is an acronym, for your listeners, that stands for Define, Measure, Analyze, Improve and Control.

So first, we define the problem, which is, in some cases, the hardest part, which as a black belt you can resonate with that. Being able to quantify and it's not that we don't have this process, or we don't have that software, it's like what is tying back to the KPI tree? What is the performance output that we cannot attain today? That is the problem I'm trying to solve. And the underlying process, we would look into that, in the measure phase, we try to break that down and say,

Well, what bite out of the elephant do we want to take first, because often there's more than one driver to a particular problem, then we can analyze. So it's this funneling effect of narrowing down so we can move more surgically and quickly. So this ties back to the previous question about being nimble. If we can get in and solve problems and build this muscle memory around process improvement, as well as strategy deployment quickly, then these projects don't get strung out and it's not relevant by the time you solve the problem. So we are able to define the problem easily, measure the impact we want to make, analyze the root cause, make and verify an improvement and then anchor something, in terms of a control, in place so we're not going to backslide after we solve that problem.

To do all of that, do you still use cross functional teams?

Yeah, that is dependent upon the scope of the problem. So there are some problems that is just, this task is failing, right? If you're looking at, I can think about something just last week working with a client, which is just the manufacturing operation. There's not a cross function needed there, because it was just an error in executing the standard operating procedure. And it's not the first time that happened. But there's not another function to pull into that because that task is completely within their bounds of control. Where there are, as problems get more complex, yes, you do need a cross functional team to bring in. The drive is to make sure that we save time, we avoid repetition in the process and all of those items that are still valid now.

But people don't so much into automation? So to fix that, I'll just put this in?

Well, they have in some cases. Yeah. So it's interesting. Automation and digitization of processes is something that I get concerned about in organizations, because we can jump to the automation or the digitization. The trouble is if you automate a bad process, you just have a bad process that operates faster. If I can use an example to illustrate that for you, working with a utility company in the past, so that's electric and natural gas distribution. There were mistakes happening in field records, which were done on paper forms that were filled out and sent in and there was a long time delay and there was an error. So they ended up giving some of the field reps, I shouldn't say some, they rolled like a company wide program, they gave them tough books, field devices. So now what they ended up getting was they got crappy data a little bit faster. They still were not filling out the forms correctly. And so did that fix the process just sped up the process.

But it doesn't take away the hard work of actually understanding the problem and

the root cause to the driver behind the problem.

Totally agree. And I've seen that happen and sometimes it's hard to convince people that this is what we need to do and not just automate.

We'll pause our discussion with Chad Bareither there. Join us for part two, for now I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec.

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