

Transcription - Chad Bareither Part 2

Welcome back. I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec. We're continuing our discussion with Chad Bareither and in this part of the conversation, we're looking at how you involve your customer in process improvement, as well as whether when you're doing process improvement, you're actually treating symptoms, rather than the root problem.

What about things from a customer's perspective? You know, when, let's say, for example, in your experience, when you need to use a cross functional team, because it went across from sales, operations, customer to customer say, how important is it to have a representative of the customer or supplier in a process? That is, across everything?

Yeah, wonderful question. And I'd say the first thing is, every problem doesn't have to go to like, I'd say like the big C, like the capital C, customer, meaning whoever is purchasing your service or good generically, we use the term customers as who's ever next in line in my process, right. So on a micro scale, if I'm, if I'm at an assembly line, or if I'm in an office preparing, you know, documentation, whoever I'm handing my data or document off to, is a customer of my process. And then as you zoom out, if I'm doing a project on invoicing, waste processing, right, so one sense is downstream, the invoice processing is whoever I'm giving it to the finance department, then I can zoom out from that and it would be whoever the vendor is, or the suppliers that I'm paying from accounts payable. So depending upon where you zoom in and out, that's where you can define the customer. But it is critical, to your point, to define who the customer is and what they expect.

If you don't mind, a brief anecdote on that is, I was working with an organization, one of the processes that they needed to perform was compiling all of this load data, which was looking at consumption of the company's particular output across customer segmentation. It was one person's full time job basically, to compile this on a quarterly basis. And it was, I'm not 100% in my recollection, but it was about 20 worksheet tabs in an Excel notebook, like a massive, massive file that was put forward. And we engaged with the distribution list, we said, well, who does this go to? We just started, like sequentially going through and asking all the people, do you still consume this file? What do you need? And as we narrowed it down, it started off that only about 20% of the distribution list, even open the file. Okay. That's when number one, we can stop sending it to everyone. Yes, from that, we identified like the five to 10 pieces of data that were actually needed within that. And we were able to reduce the processing time on

that by 75%. So I mean, this went from being someone's full time job to now it's 25% of their job. Yeah. And then we can reinvest that resource and say, there's other things that skilled individual can do. But we don't realize that unless we talk to the customer, or else what we would have done in that situation, say, great, how do we produce produce this report faster?

That's a really good example, actually. Talk us through on where people with process improvement and they're really passionate but they're trying to fix their own bit without looking at the whole process.

Yeah, I mean, there is definitely a risk of creating sort of islands of excellence, if you will, right. So you can visualize this easily by thinking about, say, a manufacturing line, or maybe like in a kitchen, right, like a kitchen line that's serving food. I'm trying to use non manufacturing examples, because sometimes everything's manufacturing for six sigma, but applies everywhere. So if you're in a line of whether it's manufacturing widgets, or you're preparing food for a service line, if you make your particular workstation faster than everyone else's, all that means is you're piling up work for the person downstream from you, and you're waiting more for the person upstream from you. Yeah, and I've seen this in the execution again, now that kind of a microscale where an assembly line worker would get very efficient at their task. And so they could finish faster than the upstream, so the supplier, and then the next step upstream. So they would start sub assembling ahead of time, which doesn't seem like a problem. But that's supposed to be built to have an even flow through the process. In that particular case, what happened is they had built all these sub assemblies and then we find we have a quality issue, a recall, on one of the parts in the sub assembly. So we built, I will make up a number, 25 sub assemblies, then we had to spend labor time to take them apart because they were working ahead of the pace. Zoom that example out to an entire organization and if we produce products faster than we can transfer to manufacturing, if we market and sell product products faster than we can fulfill through manufacturing or logistics, as you zoom out those kind of pieces of the orchestra that's moving our product or service through the line, you need to understand a kind of higher level picture. If I focus only on my little bit, whether it's my workstation, my team, my department, it doesn't necessarily translate to improvements for the company.

I agree. And actually, it applies equally the way you describe it into, say, the banking industry where I practiced and that was, basically if you apply for a mortgage application, or if you have credit card, whatever, if you look at that whole process, from customer requests to customer receipt, that can happen too, because somebody is improving one piece and saying I don't need this

information. So that's causing another problem for this other team, we'll have to go back to the customer and annoy them with asking the question again. So the integrity lines of one part of the organization to another in those examples is important. So thanks for covering that.

That's good. And that answers one of the next questions that we had, which was can just parts of the system be improved? So we've covered that.

There's two ways to think about that question, right? Because you say, can part of your system, so as a company, can part of your system be improved, right? And we kind of addressed that. The other thing is, can I just use part of the system? Right? So in my simple, simplified approach to business management, we have strategy deployment, process improvement and daily management. So if you say there's just three components, can I do just one of them? Yeah. I mean, you could, you could, but it is a system, just like your business is a system. So if we use kind of a simplified analogy within that, a bicycle, right? So if you have a bicycle, it's many parts that work together to perform one function, right? But I could say, I don't want, you know, the multiple gears on the cassette on the back of the mountain bike, I don't want multiple gears. So I'm going to take that out of the system, great. I don't want the disc brakes, I don't want the suspension, I'm not going to use those pieces of the system, I still have a bike. Yeah, it's not as versatile. It's not maybe as fast, it's maybe not as capable as it could have been with the entire system. So you stripped down the system, the effectiveness of whether we're talking about the business management system, or to the previous point, your system as a company, as you start to strip out parts and say, I'm not going to work on that, you just sub optimize the solution.

With your experience right now, customers that come to you, clients that invite you in to help them improve, what are they looking for as an outcome of your help?

So I'll talk through a couple of specific examples without naming of the companies. I'm on an engagement right now and they're looking to expand capacity, right? So this is a great, a good problem to have, is that the demand for our products is higher than we can put out. But that is hard to do just by brute force, right, just by working harder in the same processes. So in this scenario, if you wanted to, and I'll make up some of the numbers, if I wanted to increase my capacity by 5x, five times, the capacity, like that's massive. And we can't manage the day to day business the same way we would in the future if we want to be running at five times the pace, it's just a totally different animal. So we need a system that's more predictable to be able to manage that. So, capacity increases

is a very common problem that we look at.

Another one is lead time. So that could be time to market. So I have done some work in r&d product development about you know, time to market and some industries like medical devices. So any improvement of 10%, 15% is huge in terms of competitive advantage, of getting to the market, but you can also have smaller scale time to market improvements, right? I'm sorry, lead time improvements, which could just be within the four walls of a production facility, of just reducing the amount of work in process inventory. So we can move product through faster to better satisfy our customers. So delivery in terms of lead time, we talked about capacity in terms of delivery, we talked about, sometimes there is a cost benefit that we're looking for. I'm not gonna lie, we have customers coming there. But that's, that's kind of uninspiring. We just want to lower cost. But sometimes there is a need, if there's a strategic need behind it to be competitive in the marketplace, we may be looking at cost. I'm trying to think if there's another one we measure. People, morale, in terms of labor hours, right? So that's like how much labor does it take, in this case, there might not be a bottom line cost savings, there might not be a lead time reduction. But you're taking labor out of the system. So what that means is, you can potentially scale the business without increasing headcount, if that makes sense. So kind of bending your cost curve to where I can produce and scale the business without linearly also increasing headcount, which is not sustainable from a cost perspective. So that's in terms of taking labor, you know, measured in labor hours, out of the process. One that I haven't done work in, particularly, but I could speak to a case study from the past, is safety, right, looking at are we reducing process risk. And that could be either physical risk to the client, or I'm sorry, to the employee, or it could be regulatory risk. So removing risk out of the business. So those are kind of the categories risk, quality, delivery, cost, or morale and people.

And that last one is really key, because sometimes people get really frustrated with working in a bad process. So by improving the process, you improve morale, which is mentioned.

Yeah, just on that as well, I don't know whether I read it in your background stuff or somewhere else. But it was about an improvement in attendance, so lost time, because of people not being there. It was in China and it was based on the fact that the workforce is predominantly women in this industry, whatever it was, and that they, because of the government policies, if they got pregnant, they had to have time off to deal with that situation. And the company wasn't aware of how much time they were losing because of that outside influence. And just looking at

the process, in terms of the physical process, wasn't going to give them the answer. And so they looked a little bit further and looked at why the absenteeism was happening. But then they also looked at what they could do to change that situation. So they've actually changed the health care or the leave time arrangements and educated the workforce, so that they don't think that the solutions that they were taking were the only solution that was available to them, they didn't have the educational information that we might have in other countries about what options there are before you get pregnant, rather than the options after you're already in that situation. It just occurred to me then when you were talking that that's almost like a hidden problem. It's not really a process but it's part of the things that you need to be looking at. So how do you address those issues? I guess you can obviously identify that it's an issue. But how do you use the system to look for a solution in that case?

Yeah. Oh, well, I'm going to have to look into that case study. That sounds very interesting. The challenge is coming up with a general statement or a general tool or method that's going to solve every time the challenge that you have but if I speak, kind of in more generalities to that, there's kind of the surface level problem which is the symptoms and there's the root cause of the particular problem. And it's not uncommon that I see organizations and they don't go through a structured problem solving methodology, right? They have symptom and solution, right? They just kind of jump right from this is the problem, absenteeism, so change policy. We see a quality error on the line, retrain them. And that's one that really bristle the hairs on my neck - retrain the workforce. So you're going to retrain them on the same poor training process, on the same SOP, and expect that to be a permanent solution. Like it's just nonsensical. And so in that case, I go back to now I'm an advocate of the DMAIC methodology, but whatever you choose, if it's eight D or the eight step that Toyota made popular, there is this funneling down to get to a point of cause in the process and apparent cause and then drill down to the root cause. And if we're not taking time to do that, we are slapping band aids on these solutions. So there's not a silver bullet, you know, to your question about how do you do that, it is through methodical problem solving, and you only get there over time with experience. So I mean, this is a fascinating case study to look back and say, it's education of the workforce, not a change in policy that actually resulted in a benefit.

It's education about their personal lives, not about anything to do with work necessary, but you're seeing the effect of it at work.

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