

Chad Bareither Part 3.mp3 - Transcript

Welcome back, I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec. We're concluding our discussion with Chad Bareither today and we're looking at Continuous Improvement in terms of the process, who's responsible, where does the buck stop and start, and the confusion around Just In Time manufacturing.

When you talk about DMAIC and you get to the part of control, so now we're making sure we've got the process, we've got it right and now controlled so that no-one tampers with it and undo it, but you also mentioned earlier about continuous improvement and that is so important. We can't just leave it there and 10 years down the track we'll look at it, so could you talk more about the continuous improvement.

Okay, so one of the mental paradigm shift that needs to happen in organizations is that if we just start off with thinking about frontline workforce, so an assembly worker, a service technician, maybe a customer service rep in the call center. Frontline, direct contact with the customers and typically hourly workforce, hourly wage workforce, we see their job is executing the process, run the process that we design. The paradigm, the thinking change that we need to have in that situation is their job is to do the work and improve the work. And so, how do you do that? We can have these iterations. If the ideas are coming from the same place that is improving. And that sounds easy to do, but the challenge is, we need to give folks time to make that improvement.

Again I go to a story from my past working on a particular assembly line in a medical device industry. We are working with one business unit and deploying daily management of the process. One of those components, we're working on identifying issues that are preventing us from getting the target. Great, now we understand daily performance, we understand when we're on and off target, now we need to start problem-solving. When are you going to give the team time to problem-solve? On their lunch break? Time out! No-one's going to voluntarily give up their break to do work. What we challenged the management with was let's just run an experimnt. Let's do it for 3 months. We'll give the team, collectively, one hour on Friday on the clock, paid, to prioritize a problem and start the problem solving process. You think about that. One hour a week, take out vacations that's 48 hours a year, 48 hours of a 2,000 hour work issue, that's not a big improvement that you need to make. So, one problem solved, we were able to pay for the time for the whole year just by eliminating a quality defect that then didn't require rework.

Why do I tell that story? Because people, leadership, even frontline managers, you need to give the people who are actually doing work, time to solve their own problems. How does this tie back into the continuous improvement? The standards need to be improved and updated by people who are actually doing the work. In most organizations, it is a manufacturing engineer who writes the standard operating procedure and hands it to operations and they go execute it. Most organizations if you go check on the line, that's not how they are doing it.

That's perfect. I have many examples from my experience in the corporate world of what you just said. It does work - that hour and understanding from the middle managers to the senior managers, the importance of it and the payback they get from it. The payback they get from that is really important because once you get them and you show them the results, they are

then on board and they want more.

That was my feeling, my reaction too, is that once you give them that opportunity and they get a win, they're going to be committed to the process because they're seeing that it works.

If I can expand from that a little bit, now we're talking about hourly but if you go to scientists or engineers, they're salaried workforce, so do you give them more work to do? That's another change that we need to have. You need to give them space - what can I deprioritise so I can focus on improving this process over here. And whether it's a lean Kaizen event or Six Sigma project or whatever you want to call it, if it's extra work, most of the organizations I've been in, when they do that, as soon as they're done, they're like I do not want to do that again. By actually giving them space in a 40 hour work week to make improvements to the way that they do their job, it sounds counterintuitive to like traditional or classical management, but it pays back those dividends. If I just stop doing one thing while I improve this process, the benefits in terms of quality or time or cost are going to pay for that small delay in starting that other project.

That's great. Sorry I bombarded you with a whole lot of stuff but I'm very, very happy that we covered everything we wanted to cover. What about you?

Well, what else should we cover? For any organisation, the hardest change is really for senior leadership to commit to it. I don't just mean sponsor it and say we want to do it or establish the goal in the front because it ends up being, for sustainable continuous improvement, a change in the way we run the business. So you mentioned before about the DMAIC and control phase because we don't want to come back and rework on that process 2 years down the road. A concept that comes out of Lean Management and works very nicely with DMAIC is the leader standard work. We don't just have standards on the assembly line or the frontline, there's an obligation, as we move up the hierarchy of leadership to also ensure that our processes are working. Frontline leadership needs to be there to coach and develop, right? This isn't like the whip and the stick. This is the coach to develop the front-line employees so that they understand procedures and the tools appropriate for doing the work. As we go up the next layer that the manager of those front line supervisors ensures that they understand why we measure things a certain way. The up to the director level, they talk to the manager and verify their processes on a regular basis and that cascade goes all the way up to senior leadership where this concept of process confirmation, of being process based in my thinking not just results. What I mean by that is, most organizations are managed by results or by metrics. And it's not bad, but if it's the only way we run our business, we're always managing our business looking in the rearview mirror. So if I'm looking at damage metrics, it has already happened. If I'm measuring quality rate on a line, all that data has already happened. As a leader, by reinforcing the process to prevent those, it's not just holding the frontline accountable. And as we talked to her earlier, retraining them that when I'm the supervisor and performing routine spot checks and redirecting the people when they're fixturing a piece wrong, before we create a quality defect. Where is the accountability of the manager to make sure that our supervisors understand the processes so they can coach their people? Where's the accountability of the directors to make sure that the managers understand the business goals we're trying to accomplish and then up to the vice president level so they can communicate to directors what strategic goals are for the year and the quarters, so that we can make sure we're establishing the right process. That doesn't

come from just metrics. That is a routine, a predefined plan of touching base, on making sure are you running your processes. Not did you get the results, are you running the processes? So we go all the way back to the beginning of our conversation about the system is like, you can't just manage by the results. This system, part of it is that control phase, is the leader standard of work, the process confirmation and that is a fundamental change in the way that most leaders got to where they are today. The psychological challenge is getting a leader who has been very successful in their career to get to a higher level position, to now make a decision to change the whole game, even though that's exactly what got them here.

And so you have a lot of organizations as we go back to talking about the question, is it still relevant, that are saying Lean doesn't work or Six Sigma isn't relevant anymore but it's because they've instituted it as a program, like a bolt-on extra thing to do, not a fundamental change to the system they use to manage their business.

That's no different to the Quality Management Systems. They were all introduced as add-ons and you had a special unit that introduced it and then they got disbanded so you thought, well I don't have to worry about that anymore. It didn't become part of the operational procedures, it was just something that was done at the time. I'm interested, in that sense, in that the last few years have challenged businesses in all sorts of ways, have you seen an increase in people looking for that process type of evaluation of their businesses?

Unfortunately no. here's what I will say. If we look at, you said the last couple years? So if I understand you correctly and we're talking about covid-19, supply chain disruptions, things of that nature. You saw a lot of articles, even like mass media, that were saying, does lean really work, is just in time really sustainable? But the challenges is they didn't institute just in time, not the way it was originally designed. They may have reduced inventory, but they offshored supply and there was unknown supply chain risk, adopted too low inventory levels in a lot of cases. I'm making blanket statement to try and illustrate the point. I'm trying to remember, there was a conference I was at last year and I'm struggling for the presenter, I think it was Richard Sheridan out of Michigan and was talking about how as we get into this downturn, as we're coming out of covid-19, as supply chains were stabilizing, they were two kinds of organisations. There were organisations that were a little bit more invested in process and they were going to come out stronger the other side, and there were organisations that were not and they might not survive. Again I'm making a dramatic statement to illustrate the fact but I think, to answer your question, I'm not seeing an increase in organizations that are looking to invest in process to stabilize and grow for the future. I've seen more organisations that have said that lean stuff didn't work, jack up inventory so that we don't run out of stuff again.

It's a shame, really, because to my mind that is the way of the future. That's where we need to be looking as the sustainable future, as the sustainable business model.

If we dig into that a little bit more and I'm sorry, this is just something that has been a little bit of a peeve of mine because people have been looking at things like lower inventory and just in time saying it doesn't work. But the challenge was, we went to a global market and we offshored stuff to save \$0.03 at the unit or whatever, right? And that is not the way of the original just in time. It was a local suppliers with strong business relationships, which was the lowest risk investment for the customer, so going back to customer, to make it reliable. It

wasn't loading inventory and sole sourcing contracts to save money. It was really to have a predictable flow of materials over time so we had a mutually beneficial relationship with the supplier to better serve our customers. That part was missed. It was like, ah, just in time doesn't work, we lowered inventories and we ran out. You have a handful of companies producing microchips for the whole world and you all carry low inventory, but it was the same company.

It does come back to what you talked about very early on, about defining what you are there for, what your purpose is. (Absolutely.) We've got a couple minutes to talk about your book.

Okay, well thanks. So I've been doing this type of work, as you mentioned in the introduction in my bio, for 15 years. I have recognized that most organizations' challenge is just where start. A lot of consultants come in, or organizations come in, kind of under the banner of Lean or Six Sigma. If you look and search the web, there's just a wide variety of what people say Lean is. A lot of it is what I would call a tool based approach. But that tool based approach doesn't build the system that's going to make it sustainable. So holding on the information I've gained and also experience in different organizations and industries, I've synthesized that together in a prototype I'm using with my clients and documenting that into a text, so that the draft manuscript is complete. I'll have it out this month to a couple of technical reviewers to make sure it's sensible, and then starts the process that I have no visibility of, like I've never done it before, formatting and stuff like that. But this book is a wonderful opportunity to really try to pressure test my approach. And I think I've learned a lot of things myself just by going to the process, which as a side note, if there's any of your listeners thinking about getting into a particular field, I challenge you to write an article, start writing it down, to make sure that you understand, you learn so much through the writing process. I feel like the product and the service I can offer my clients now is 5 times better than it was before I started writing it down.

So you've found a process, an improved process, for writing! Well thanks for that, you'll let us know when it's out?

My target is the third quarter of 2023, I will keep you updated if I'm making a that deadline.

Very good and what process you've improved in the meantime. Chad, it's been really educational talking to you. I have enjoyed it immensely. I will say I was disappointed that you haven't seen an improvement in the uptake of organisations but that's just my personal view and I'll be shouting it from the rooftops now and people should be doing it that way. It has been a different topic for us to talk about and we've talked about it in the dort of depth that we need to for our listening audience so we do appreciate your time and the sharing of your expertise and we look forward to giving you an opportunity to tell us a "dad" joke because I will say for our listeners that he mentioned it in his bio.

Okay, well I I will tell if you want, it is of my daughter's favorite "dad" jokes, so a skeleton walks into a bar and he orders a beer and a mop.

He ordered a beer and a mop?

So for when he drinks the beer.....oh yeah. (Laughter) Oh dear I'm slow, not much good if you have to explain it! It is a "dad" joke!

That's excellent, thank you for sharing that with us and our listeners. On a serious note, we do thank you, Chad, for joining us today. We'll wrap it up here, I'm Kim Baillie, she's Fulyana Orsborna and this is Inside Exec.