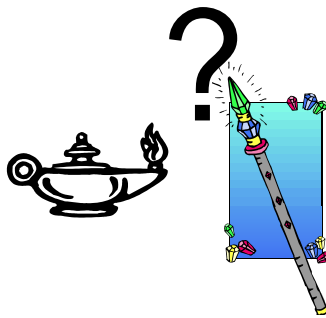


Business Process Improvement

The Challenge

Oleh :
Ir. I Gede Made Karma, MT

Do you believe in Miracles



RESULTS

(For Instance)

MagneTek - Blytheville, Arkansas

- Double Digit Operating Profit
- Reduced Scrap - 50%
- Reduced Rework - 30%
- Reduced Inventory - 70%
- Doubled Inventory Turns
- Safety Improved - 30%
- Employee Morale - All Time High

But --- It Doesn't Always Happen That Way!!!!

- 40% of Top Executives say they are not satisfied with ROI
- Many Organizations revert back to the old ways
- "We tried that – it did not work"
- Resistance to change
- "We got the big part – why continue?"

The Challenge

To Be The Very Best That We Can Be!

Organizational Needs

- Fast
- Flexible
- Productive
- Profitable

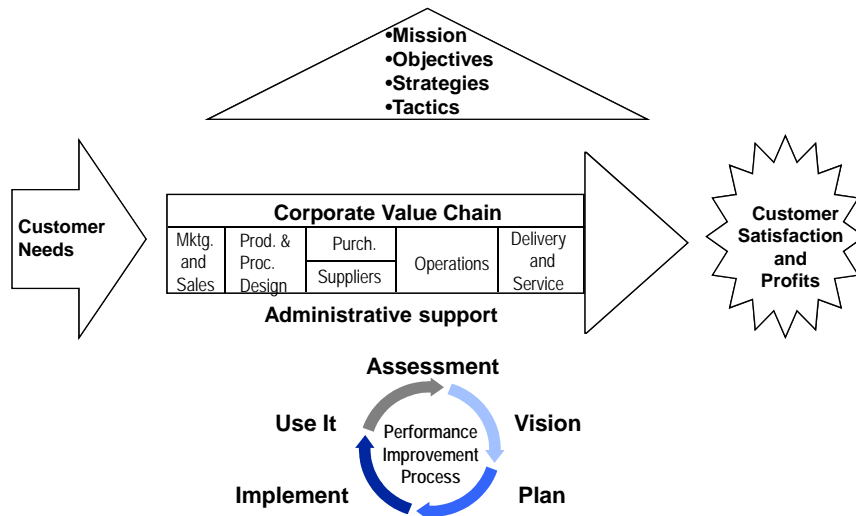
And

Exceed Customer Expectations

So What Does It Take?

- Big Picture
- Vision
- Commitment
- Structured Approach
- Persistence
- RESULTS!!!
- Recognition & Reward

The BIG Picture

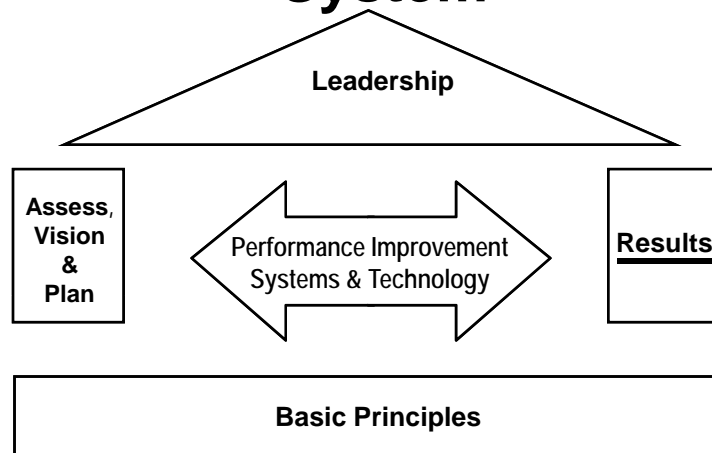




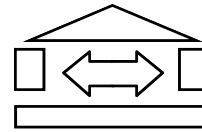
The Performance Improvement Process

- Where are we now? (Assessment)
- Where do we want to be? (Visions)
- How do we get there? (Plans)
- Start the journey. (Implement Changes)
 - Process Development/Education/Implementation
- Go! (Use it)
 - Set Goals/Use Technology/Refine Process
- Measure. RESULTS

Performance Improvement System

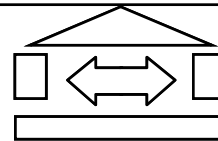


Performance Improvement System - Basic Principles



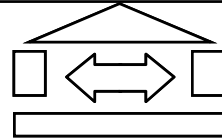
- | | |
|---------------------------------|---|
| 1. Quantify Quality | vs. "I Know It When I See It" |
| 2. Work Process Focus | vs. Product Focus |
| 3. Customer Satisfaction Driven | vs. "We Know More Than They Do" |
| 4. Supplier Partnerships | vs. Adversarial Relationships |
| 5. Prevention Mentality | vs. Reaction |
| 6. Error Free Attitude | vs. "That's Good Enough" |
| 7. Manage By Facts | vs. Management By Intuition |
| 8. Teamwork | vs. Theory X |
| 9. Total Involvement | vs. "Quality Is Someone Else's Problem" |
| 10. Company-wide Results | vs. Fad Surfing |

Assessment



- Surveys
 - People
 - Customers
 - Suppliers
- Focus Teams
- Executive Interviews
- Financial Performance

VISION

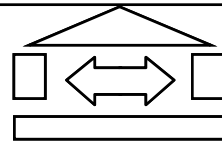


Vision without action is just a dream.

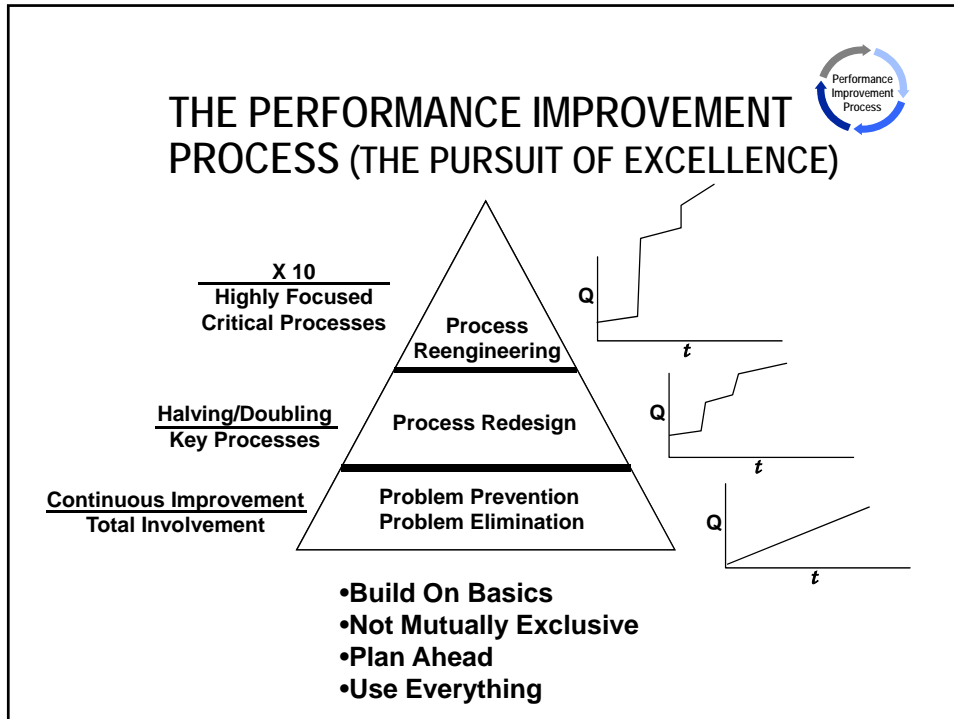
Action without vision is a waste of time.

Vision with Action -- The impossible becomes reality.

Vision



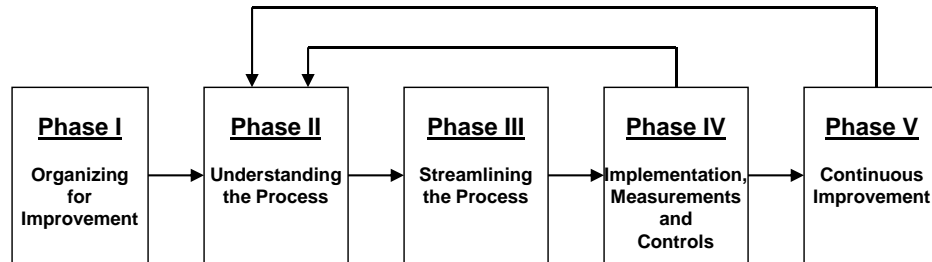
- Futurist Mentality
- Beyond Five Years
- Key Performance Indicators
- Support the Mission
- Challenging But Believable (barely)



Set Objectives

- Long Term and Short Term
- Organization Objects – Five or Six
- Clearly Defined
- Measurable
- Understood By All

The Five Phases of the BPI Methodology



G_x33

Critical To Success

- Teamwork
- Process Model Approach
- Voice of the Customer
- Cost
- Cycle Time
- Alignment
- **RESULTS**

TEAMWORK

“Companies that empower employees as part of their overall total Quality Management effort are twice as likely to report significant product and service improvement”

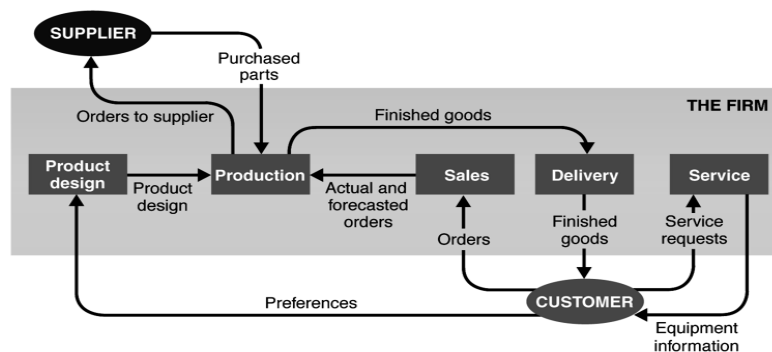


MAPI and The Wyatt Co., 1994

(Same for Profits)

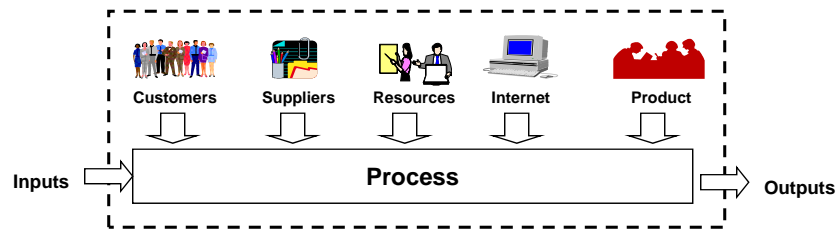
The BIG Picture

Reviewing the organization as one system from suppliers through customers

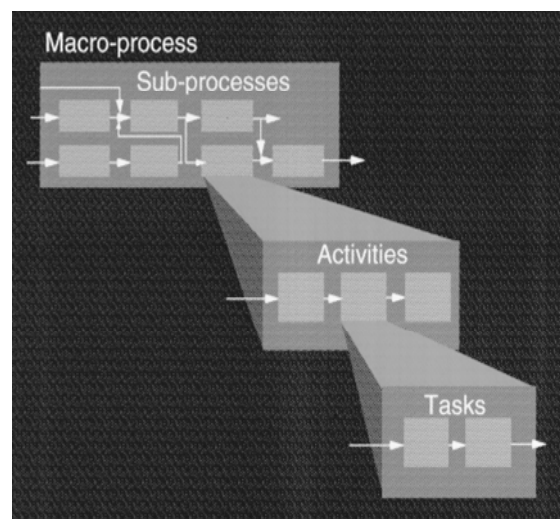


☀ Process definition

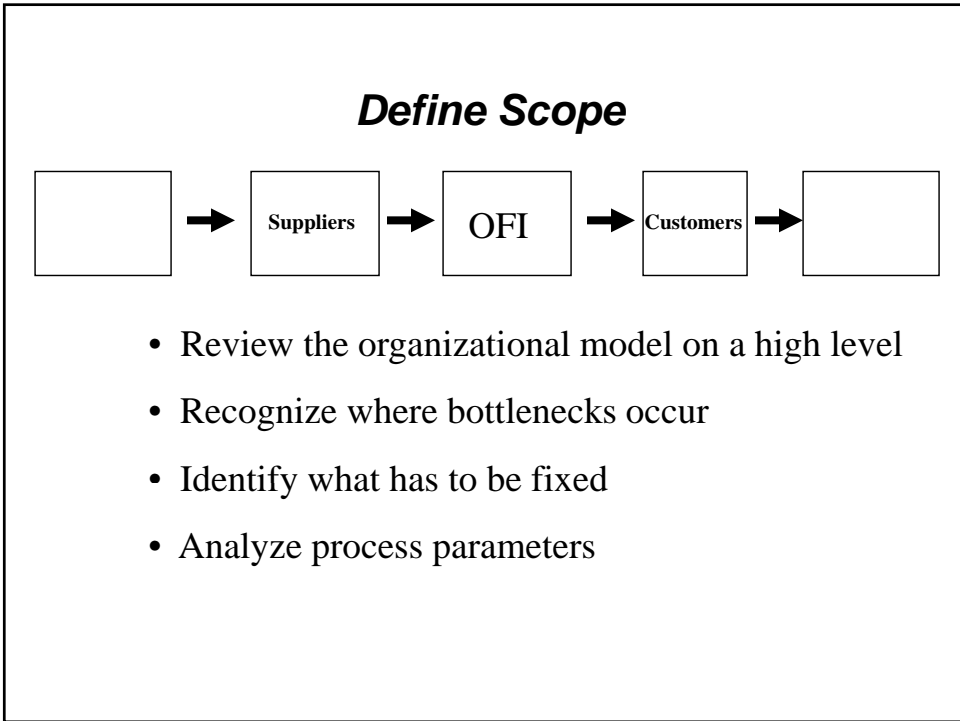
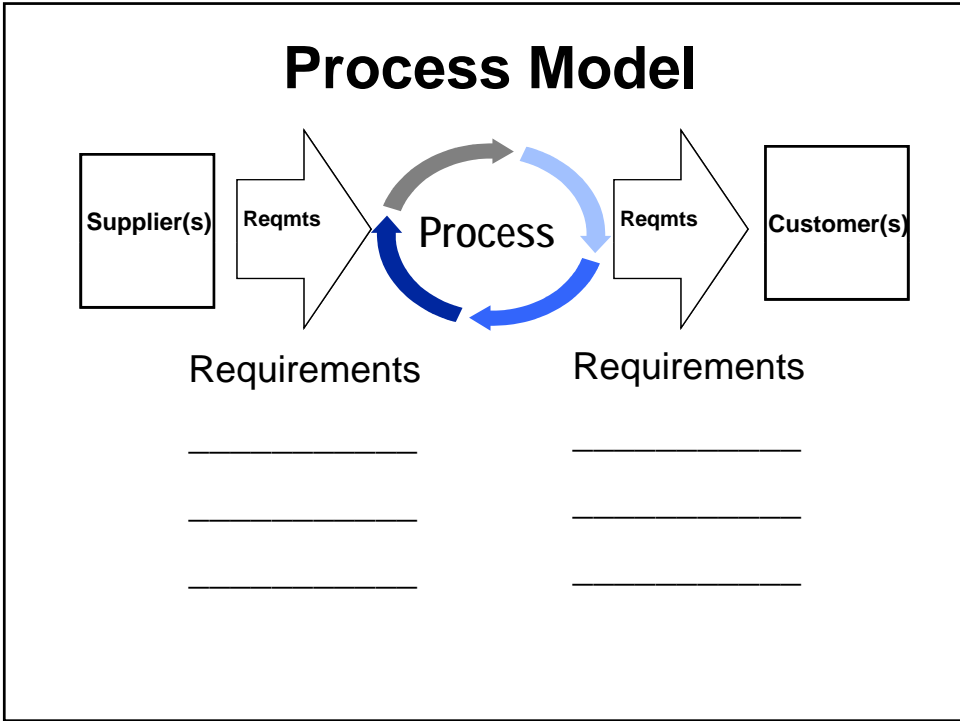
A process is a set of actions that take inputs, and then add value to provide desirable outputs.

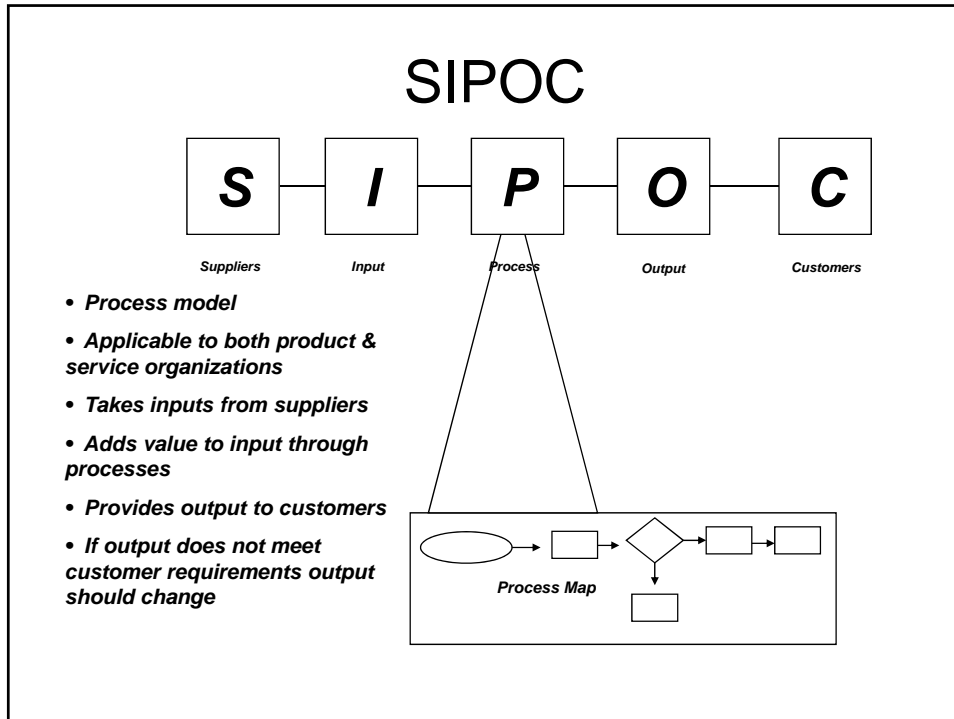


Process Hierarchy



G_x16

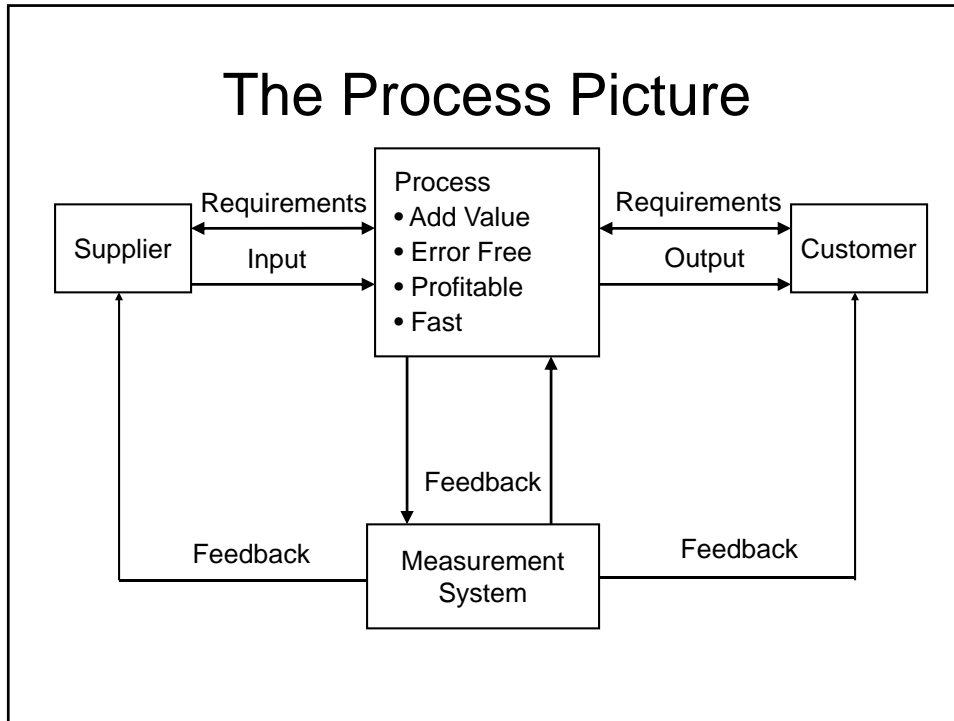




However The Real Key To Success

- Who are the customers?
- What are their requirements?
- What will we Jointly agree to provide?

The Process Picture



Different types of customer requirements

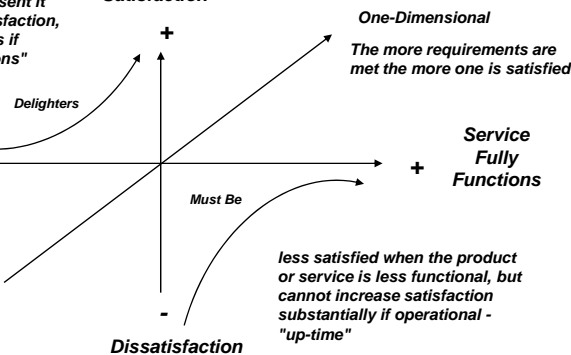
Kano Model

if the requirement is absent it does not cause dissatisfaction, but it will delight clients if present - "camera options"

Service Dysfunctions -

Satisfaction

Dissatisfaction



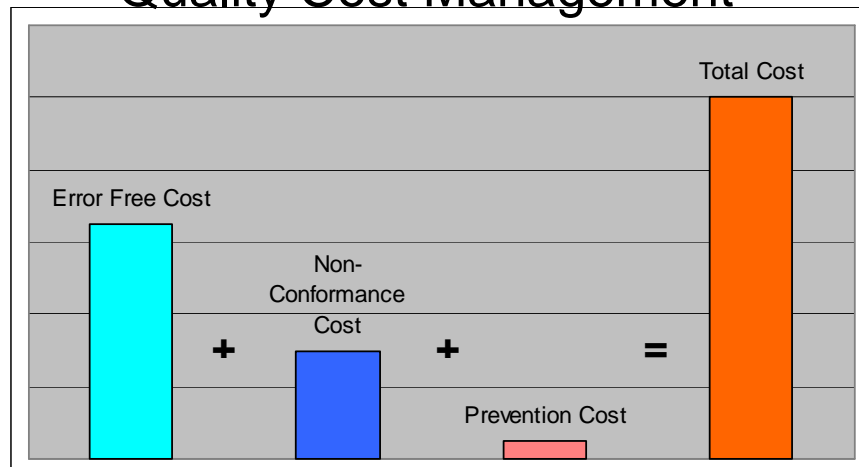
Error Free Mentality

Quality is:

Conformance to Customer Requirements

- Eliminate
- Prevent
- “Zero Defects”
- Journey

Quality Cost Management

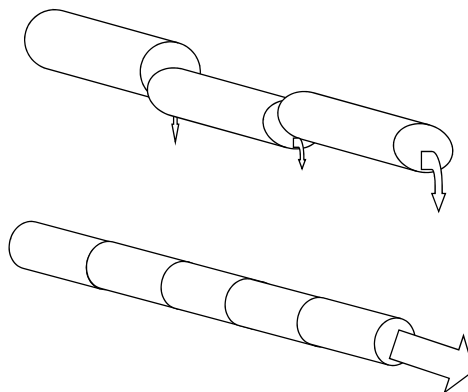


Focus On Cycle Time

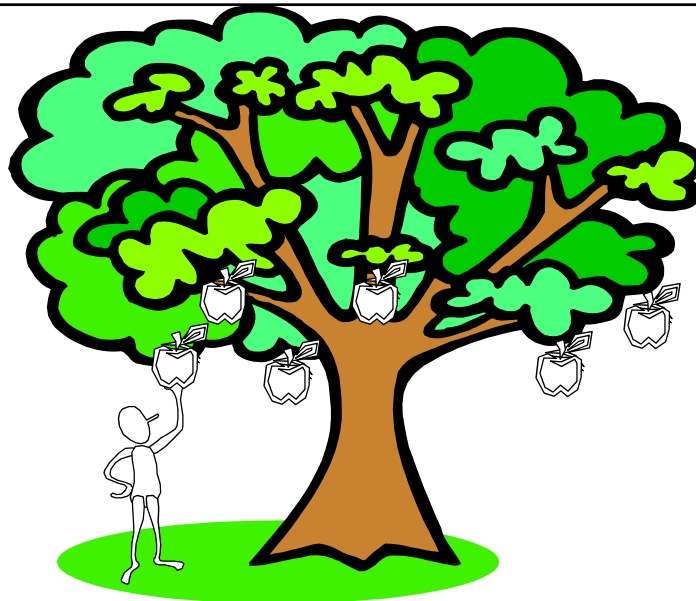
(Speed)

- Benefits
 - Reduced WIP
 - Reduced Overhead Per Unit Production
 - Improved On-time Delivery
 - Increased Throughput (Capacity)
- “The Goal” (Theory of Constraints)
 - Remove the bottleneck
 - Remove the next one

Alignment



Rapid Breakthrough Methods



Pick Low Hanging Fruit

FAST

Fast Action Solution Teams

FAST

- Designed to pick low hanging fruit
- Solutions in 1 to 2 days
- Solutions that the team can implement in the next 90 days
- Applies to process, sub processes, sub/sub processes
- Must have a management sponsor

QUICK HITTERS

- Systems Assessment, Feedback & Recommendations
- COQ Assessment, Feedback & Recommendations
- “As Is” Process Mapping
- “Should Be” Process Mapping
- Process Redesign
- Process Reengineering

HIT

High Impact Team

High Impact Team (HIT)

- 8-15 people full time for 2 weeks
- Daily reviews with Management

HIT - Tools

- Just-in-time
- Work Flow Analysis
- Real Life Simulation (Modeling)
- Process Mapping
- Time and Motion Studies
- Error-Proofing
- Visual Control Systems

IBM's Communication Network - 33 Countries

12 Month result

- 3X improvement in response time
- Availability up from 86% to 95%

R_9

Federal Mogul

Enterprise

Reduced development process from 20 weeks to approximately 20 business days, resulting in a 75% reduction in throughput time

Prudential Insurance Company (8 months)

- Clerical errors down 90%
- Productivity up 32%
- Processing time down 20%

PERFORMANCE IMPROVEMENT PROCESS - RESULTS

(GAO Analysis)

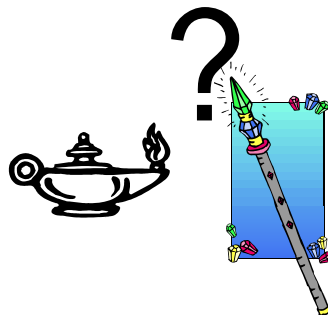
- | | |
|---------------------------------------|-------------------------|
| ■ Problems Solved Per Employee | up 16% per year |
| ■ Product/Service Reliability | up 11% per year |
| ■ Cycle Times | down 6% to 12% per year |
| ■ Errors | down 10% per year |
| ■ Inventory Turns | up 7% per year |
| ■ COQ | down 9% per year |
| ■ Customer Complaints | down 11% per year |
| ■ Market Share | up 13% per year |

WHY?

We owe it to ourselves

To Be The Very Best That We Can Be!

Do you believe in Miracles



Everyday in Africa a gazelle wakes up knowing that he must be the fastest gazelle or he will be eaten by a lion.

Everyday in Africa a lion wakes up knowing that he must be the fastest lion or he will starve.

It doesn't matter if you are a lion or gazelle. When you wake up you better be running!!!

GO FOR IT!