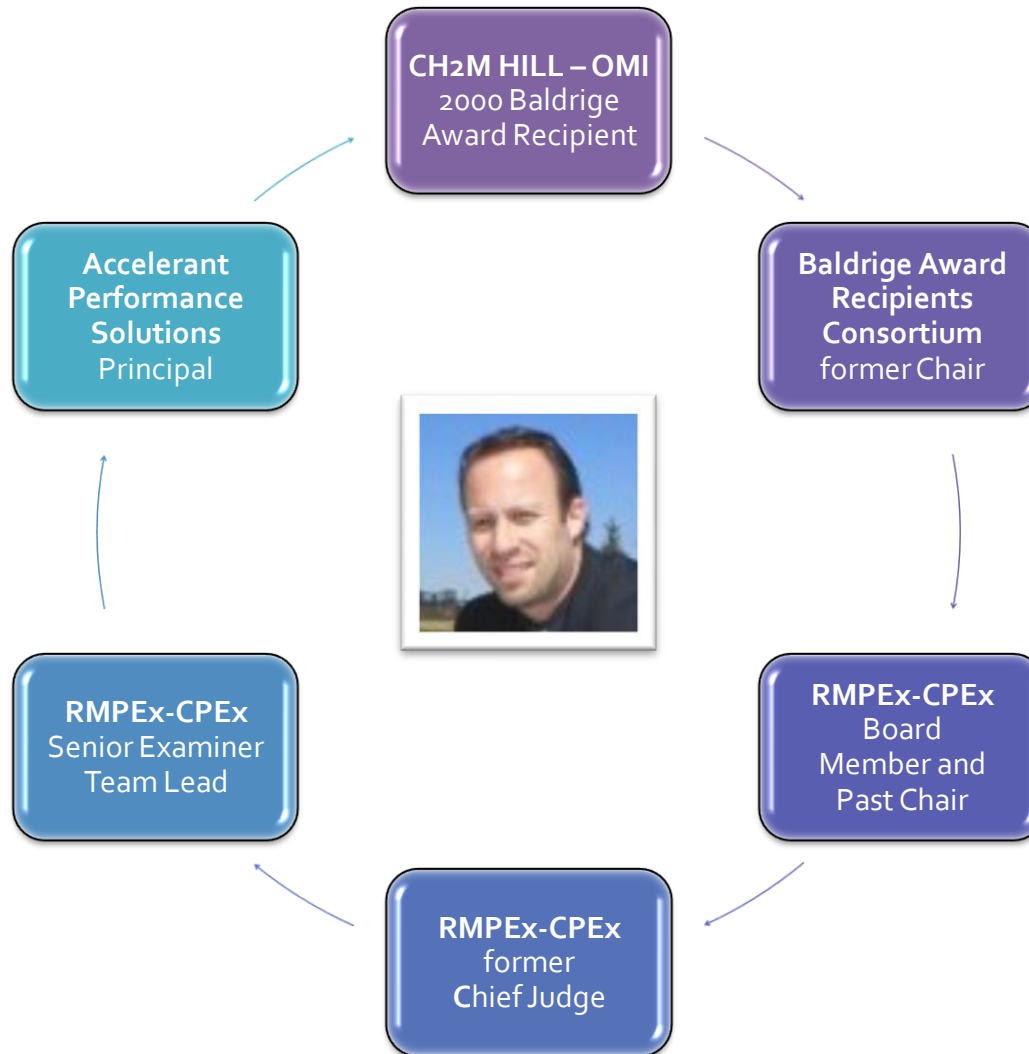




# Seven Essentials: Systematic practices to drive performance excellence

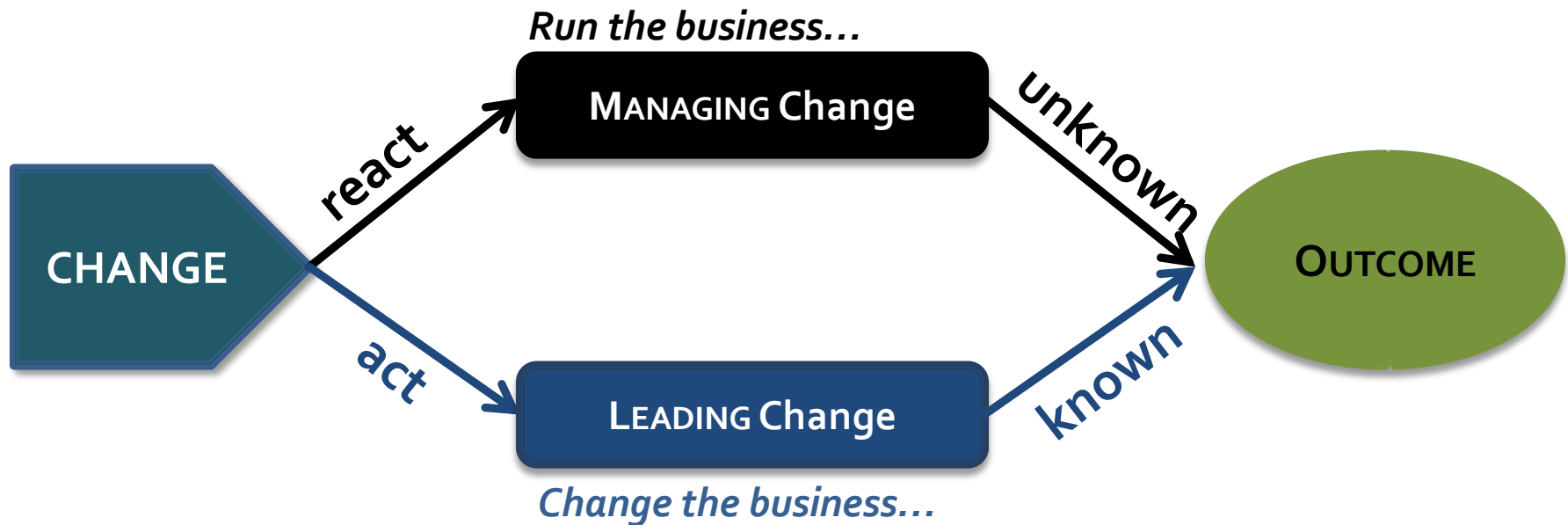
ASQ Boulder Chapter  
April 2012

# It's been a while!



Managing change  
isn't good enough.

# Managing vs. leading change



# Seven Essential Practices



# What elements characterize Essential Practices?

## ADLI

- Approach is systematic
- Deployed
- Learning and improvement
- Integrated

# What elements characterize Essential Practices?

## LeTCI

- Level of measured performance
- Trend of performance
- Comparison of performance
- Integration of measurement and needs

# Leadership Process

- **Purpose**
  - Why are we here?
- **Vision**
  - Where are we going?
- **Mission**
  - What do we do?
- **Values**
  - How will we behave?
- **Action**
  - How will we sustain our business?

# Mission

- Defines what we do
- WHAT + WHOM + VALUE formula

We do WHAT:	For WHOM:	For WHAT VALUE:
<ul style="list-style-type: none"><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li></ul>

# Example Visions

*To be America's best-run, most profitable automotive retailer.*

Auto Nation

*We will be the easiest pharmacy retailer for customers to use.*

CVS

*The best place to get care, the best place to give care.*

Saint Luke's Hospital of Kansas City

# Example Missions

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*Through our exceptional health care services,  
we reveal the healing presence of God.*

SSM Healthcare

# Example Missions

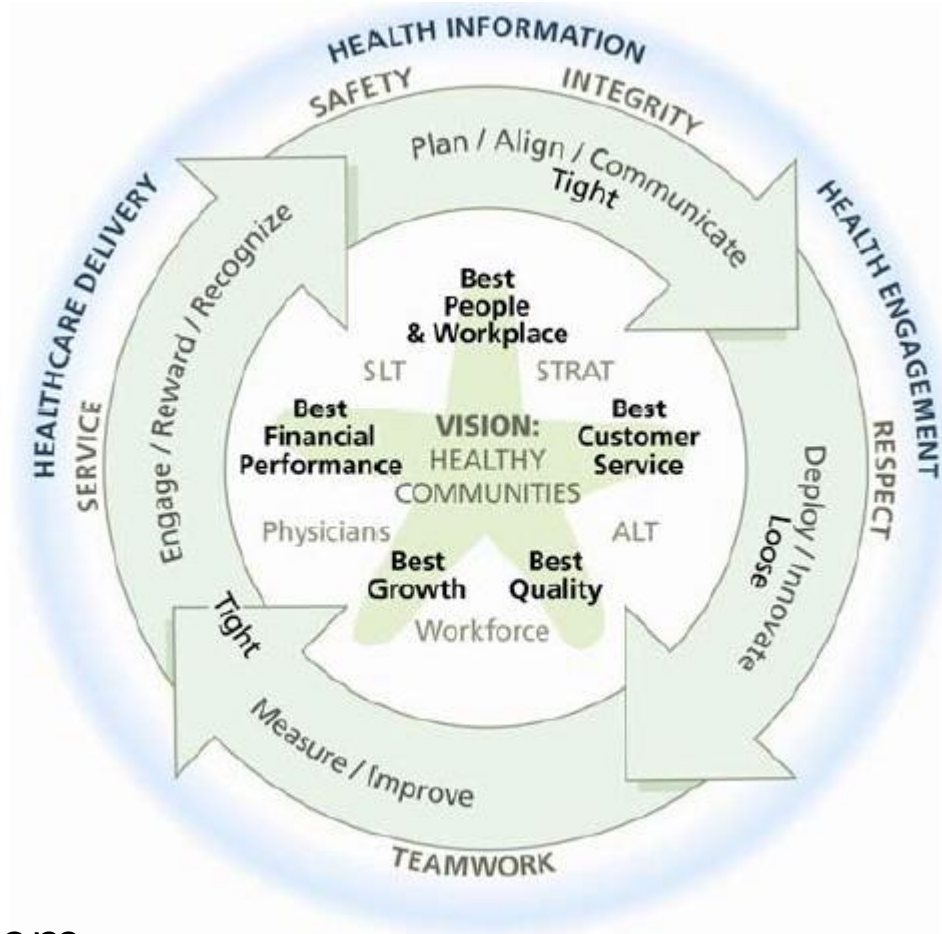
*The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.*

*We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambience.*

*The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.*

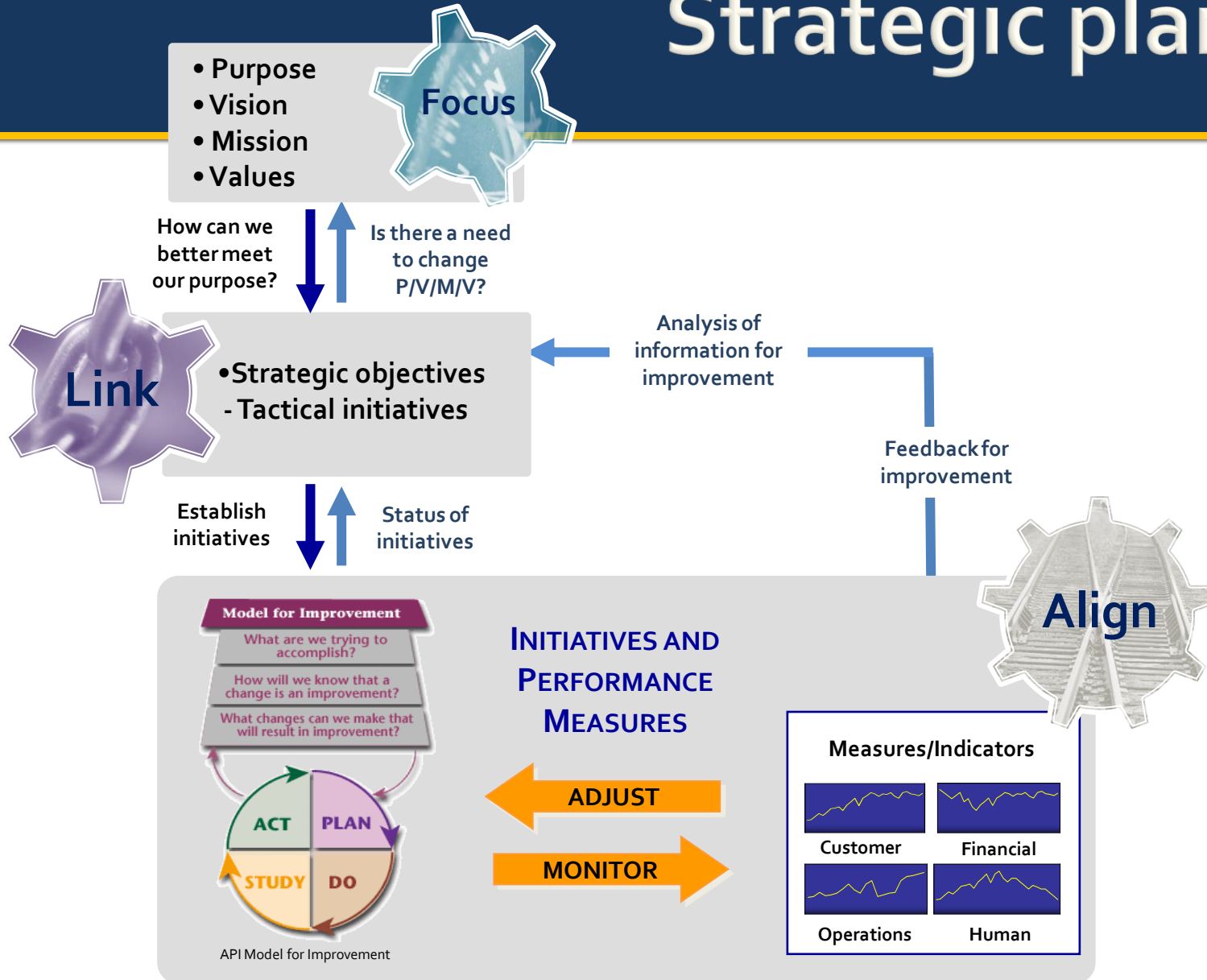
Ritz-Carlton "Credo"

# Example leadership system



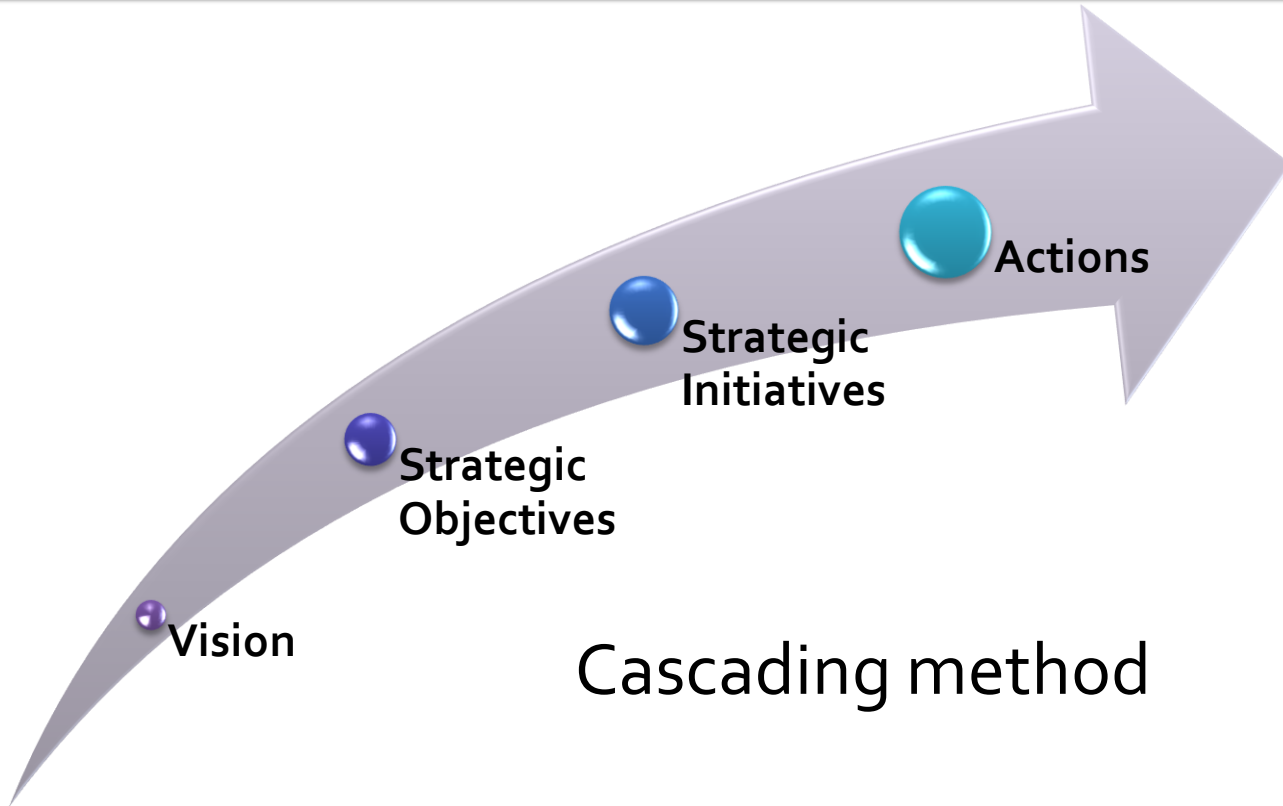
AtlantiCare (NJ)  
leadership system

# Strategic planning





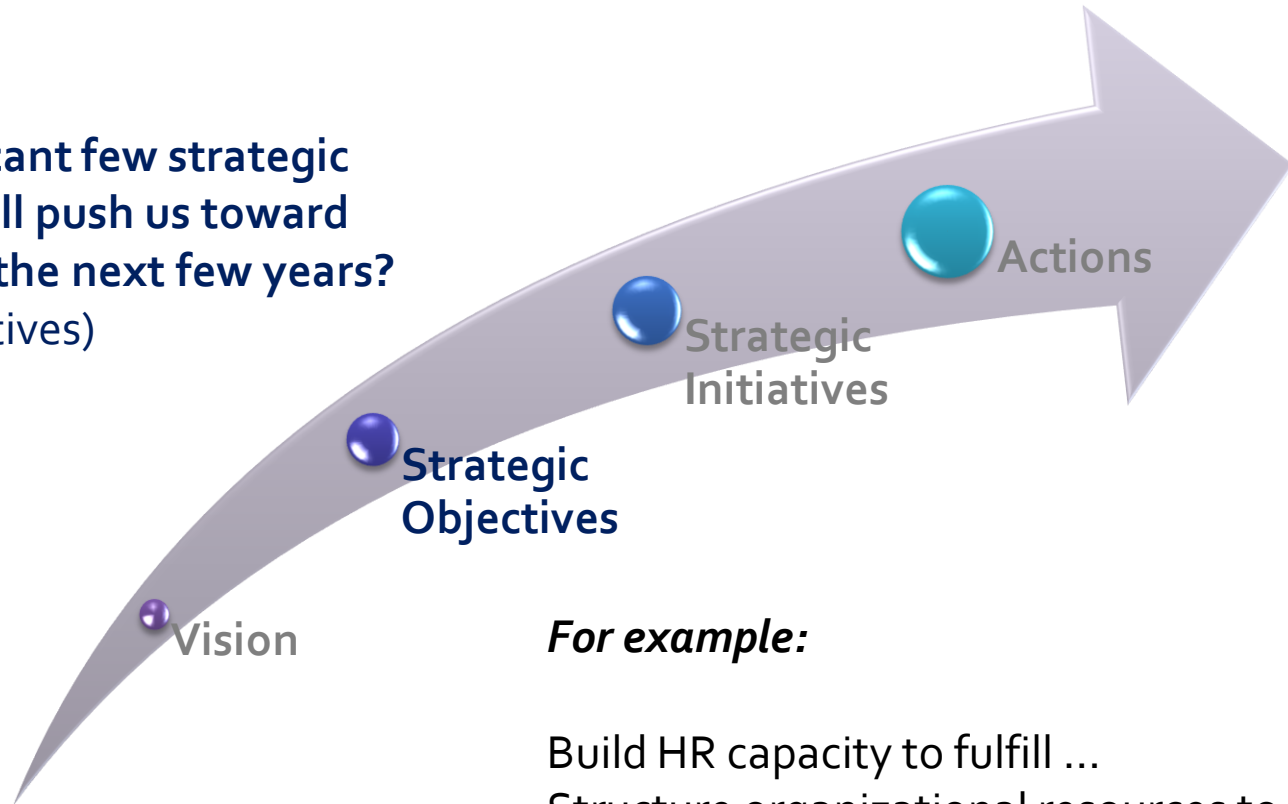
# Link activity





# Strategic Objectives

What significant few strategic objectives will push us toward our vision in the next few years?  
(+/- 3-5 objectives)



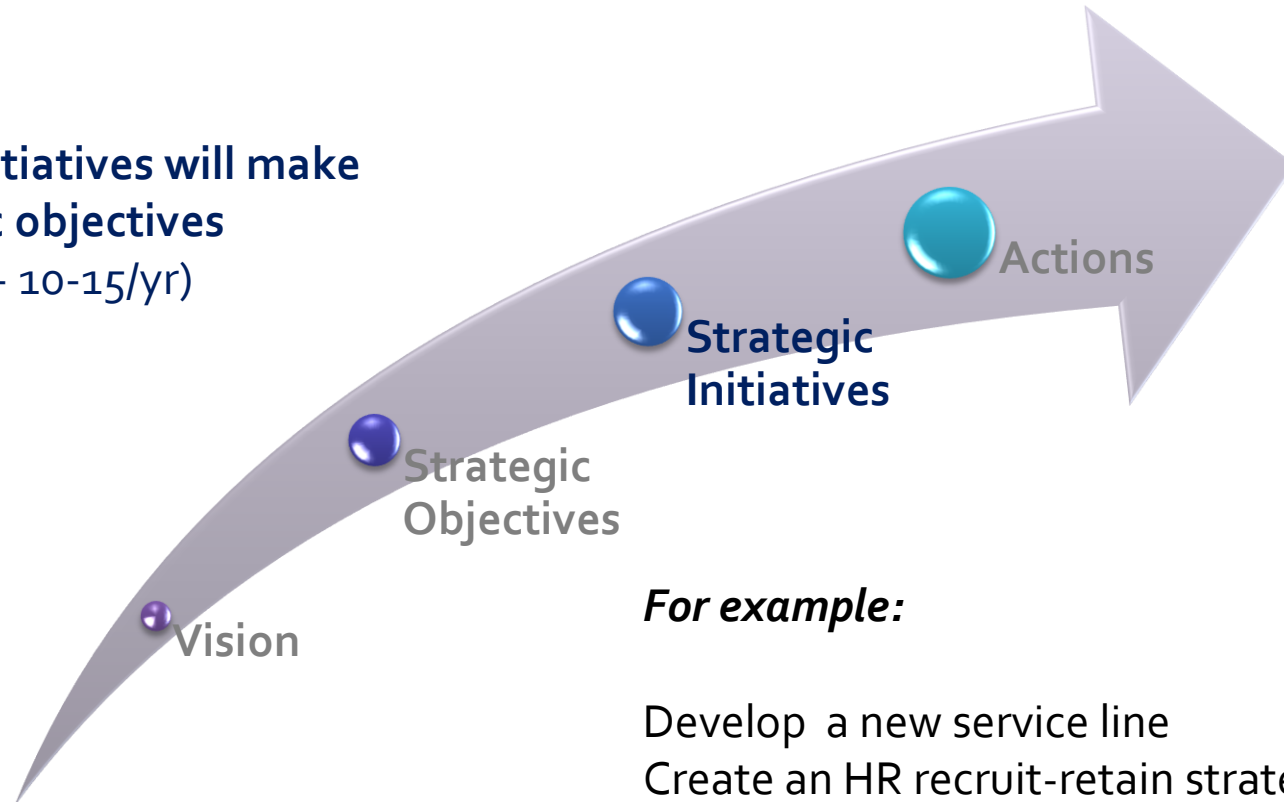
*For example:*

- Build HR capacity to fulfill ...
- Structure organizational resources to deliver ...
- Drive financial viability to enable ...
- Recruit and retain businesses to ensure ...



# Strategic Initiatives

What key initiatives will make our strategic objectives a reality? (+/- 10-15/yr)



***For example:***

- Develop a new service line
- Create an HR recruit-retain strategy
- Implement a business expansion plan
- Deliver strategic infrastructure project

# Strategy Deployment Methods

## Management By Objective

- Describes the “what,” not the “how”
- Objectives and goals are *functionally* based
- Goals set arbitrarily, typically used to “motivate”
- Encourages competition
- Fragmented and disjointed

## Hoshin Kanri

- Describes the “what” *and* the “how”
- Objectives and goals are *process* based
- Goals set based on current and required performance
- Encourages cooperation
- Comprehensive and integrated

# Hoshin Planning Table

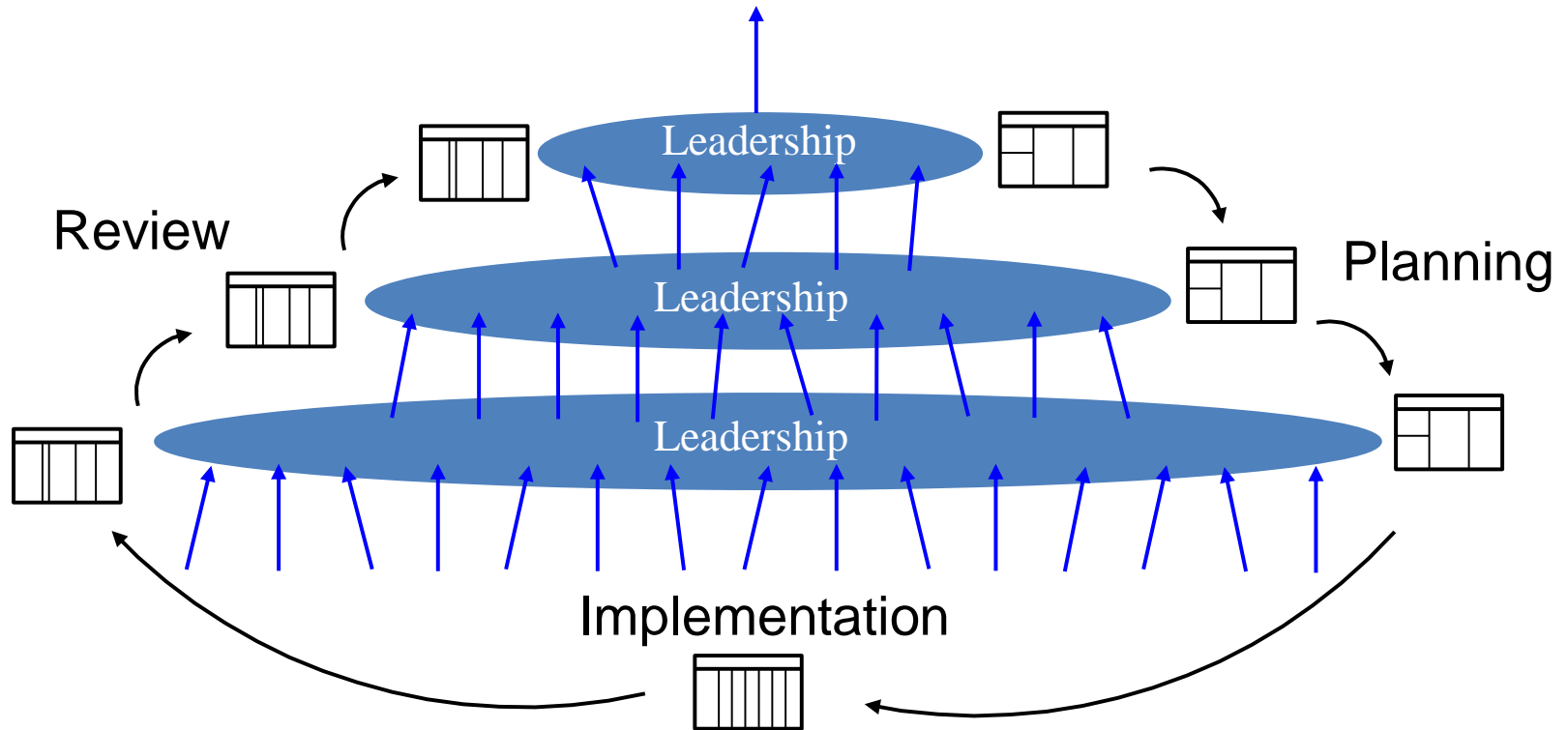
ANNUAL PLAN HOSHIN PLANNING TABLE				PAGE	OF
PREPARED BY:	DATE	FISCAL YEAR	DIVISION	LOCATION/DEPARTMENT	
SITUATION: <b>A</b> <b>WHY</b>					
OBJECTIVE	NO.	STRATEGY (OWNER)		PERFORMANCE MEASURE	
<b>B</b> <b>WHAT</b>  TARGET/GOAL		<b>D</b>  <b>HOW</b>		<b>E</b>  <b>Tied to HOW</b>	
<b>C</b> <b>Tied to WHAT</b>					

- A. Describes the business situation and **WHY** we are here.
- B. **WHAT** objective is to be reached (1 - 1.5 years).
- C. What **Target/Goal** is to be reached (one year).
- D. **HOW** we are going to reach the OBJECTIVE (strategies).
- E. How we will **measure** progress of each strategy.

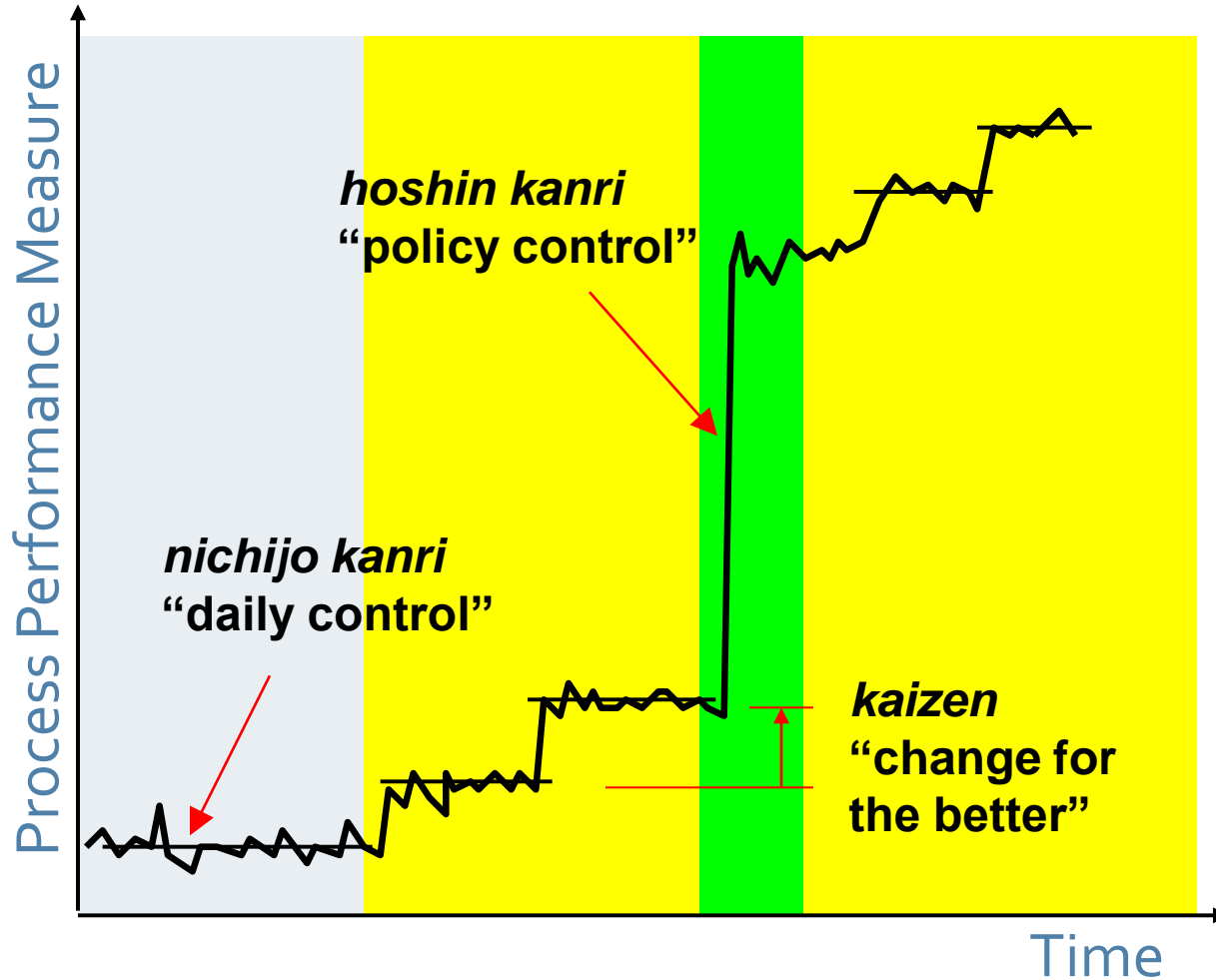
# Example Hoshin Plan

2005 ANNUAL PLAN HOSHIN PLANNING					
Prepared By:	Rich Keith	Entity:	Private Escapes, LLC	Location:	Fort Collins, Colorado
Date:	11/29/2005 12:55:00 PM	Dept:	Headquarters		
<p>Situation: <i>The first Annual Member Satisfaction Survey and subsequent review by the Board of Advisors and Board of Managers identified that the Clubs were performing at a very high level, however, some opportunities for improvement were identified. Member satisfaction is a critical metric for the firm, and focused improvements in some areas will ensure ongoing success and strengthen our competitive advantage as we execute our moderate growth strategy.</i></p>					
OBJECTIVE	NO.	STRATEGY (OWNER)		PERFORMANCE MEASURE	
1.0 Implement survey feedback to improve Member experiences, thereby leading the industry.	1.1	Improve the Members Only Web Site. (Adam)		<ul style="list-style-type: none"> <li>Phase II Complete by 12/31</li> <li>Online User Feedback/Survey completed by Jan. 31st.</li> <li>X% Member usage increase</li> </ul>	
<b>TARGET/GOAL</b>					
<ul style="list-style-type: none"> <li>&gt;90% favorable on all areas of Member Follow-Up Survey</li> </ul>	1.2	Make service delivery consistently world-class. (Ed)		<ul style="list-style-type: none"> <li>Complete by 12/31</li> <li>&gt;90% on all Local Host metrics</li> <li>&gt;90% on suggesting alternative destinations</li> </ul>	
	1.3	Improve billing. (Kären)		<ul style="list-style-type: none"> <li>Complete by 10/31</li> <li>100% accuracy Q4 Dues</li> <li>&gt;90% Member satisfaction</li> </ul>	
	1.4	Improve our “kid’s friendly” focus. (Kären)		<ul style="list-style-type: none"> <li>Complete by 12/1</li> <li>&gt;90% on “child friendly” rating</li> <li>Identify 15 child friendly amenities per destination</li> </ul>	
	1.5	Enhance our destination portfolio. (Rich)		<ul style="list-style-type: none"> <li>Complete by 6/1/2006</li> </ul>	
Hoshin Plan		File Name: 2005 Hoshin Plan.DOC		11/29/2005 12:55:00 PM	
				Page 1 of 1	

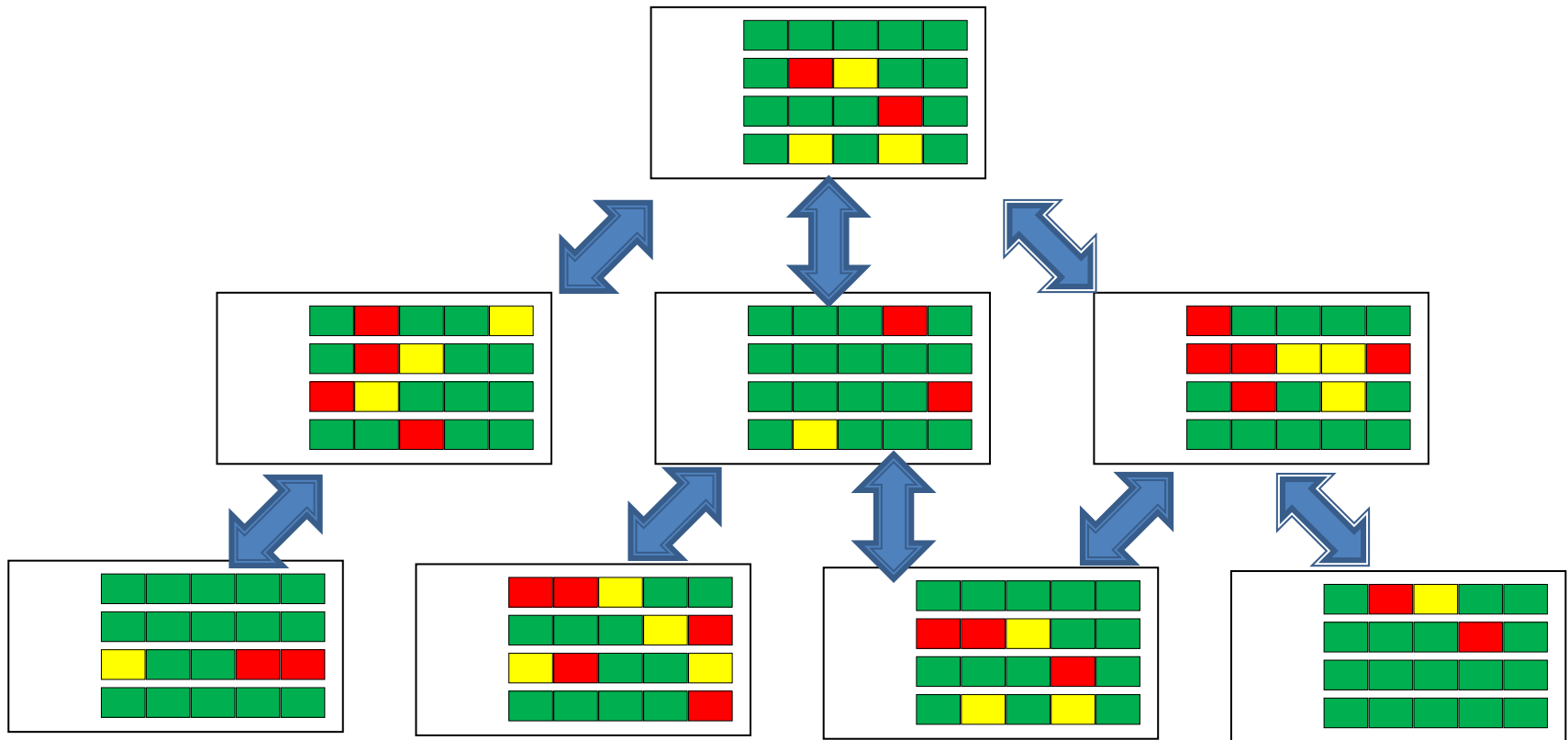
# Hoshin Deployment



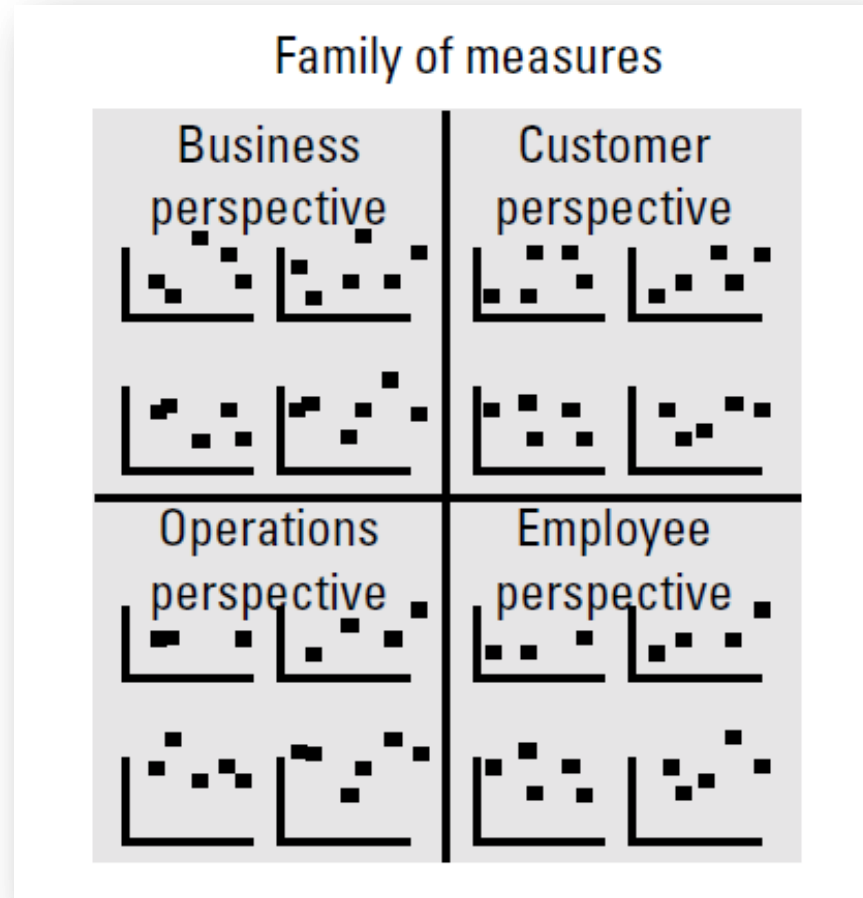
# Japanese Methods



# Balanced Scorecards



# OMI Family of Measures



# Interpretation and Action

## Readings



## Interpretation

**Special Cause Variation**

**Common Cause Variation:**  
Process Not Capable  
*OR*  
Process Aim Set Incorrectly

**Common Cause Variation:**  
Process Capable

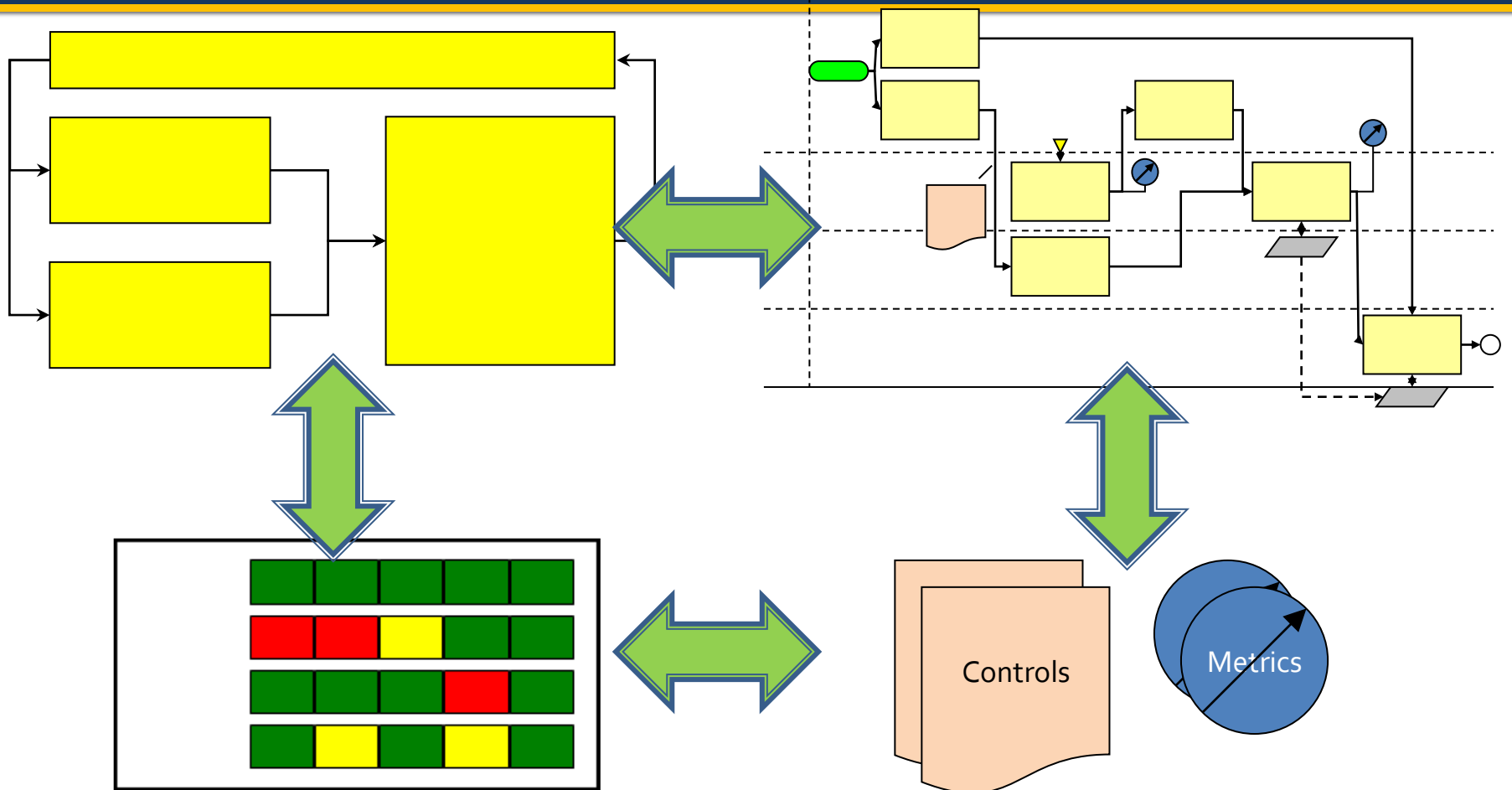
## Action

- ◆ Address Root Cause
- ◆ Prevent reoccurrence

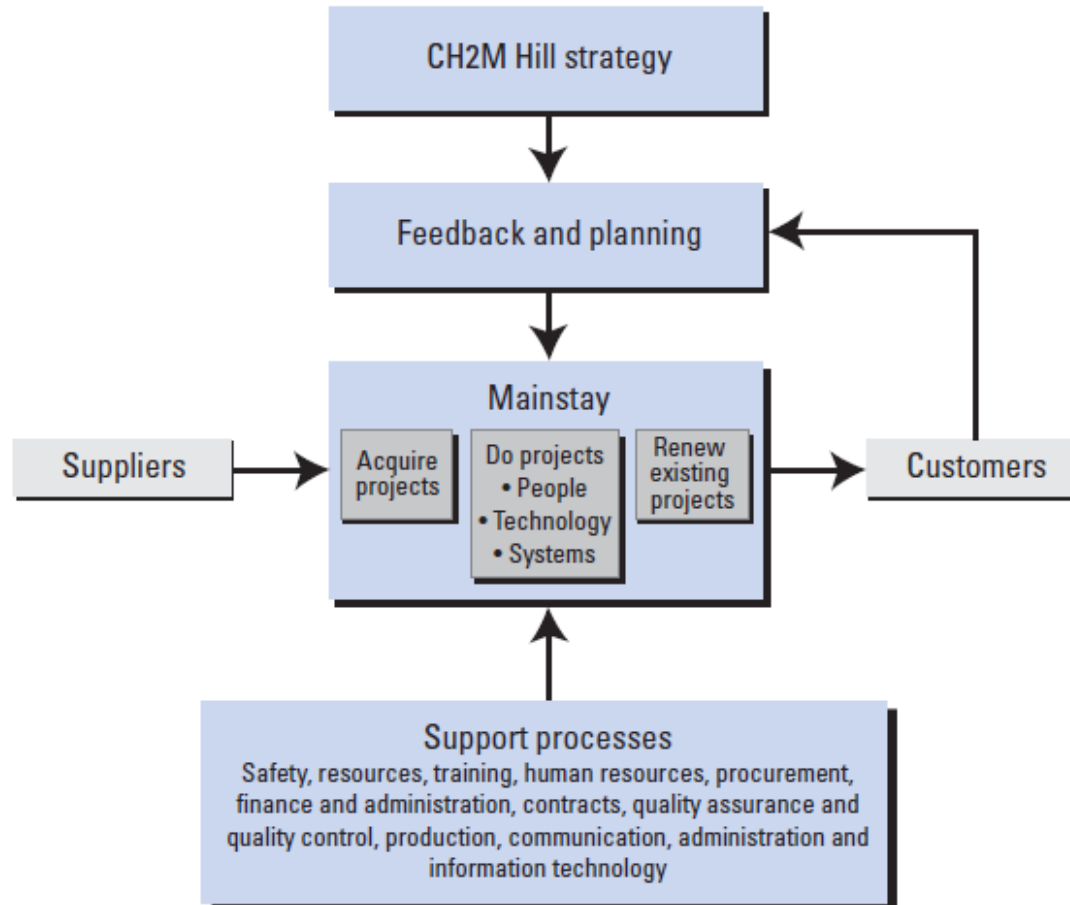
- ◆ Process Improvement  
*OR*
- ◆ Adjust limits

- ◆ Process Improvement

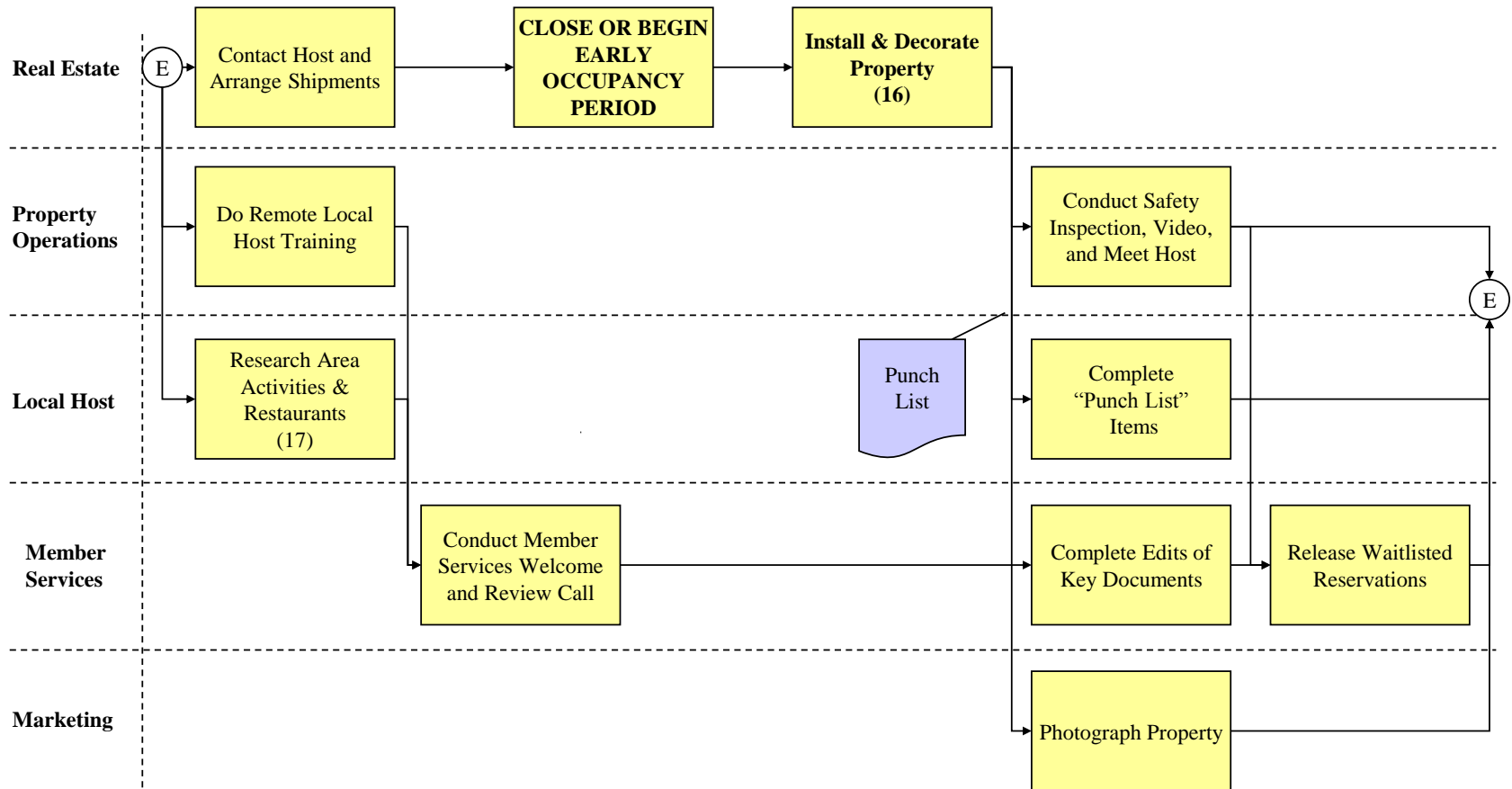
# Process Management



# OMI Linkage of Processes



# Example Process Map



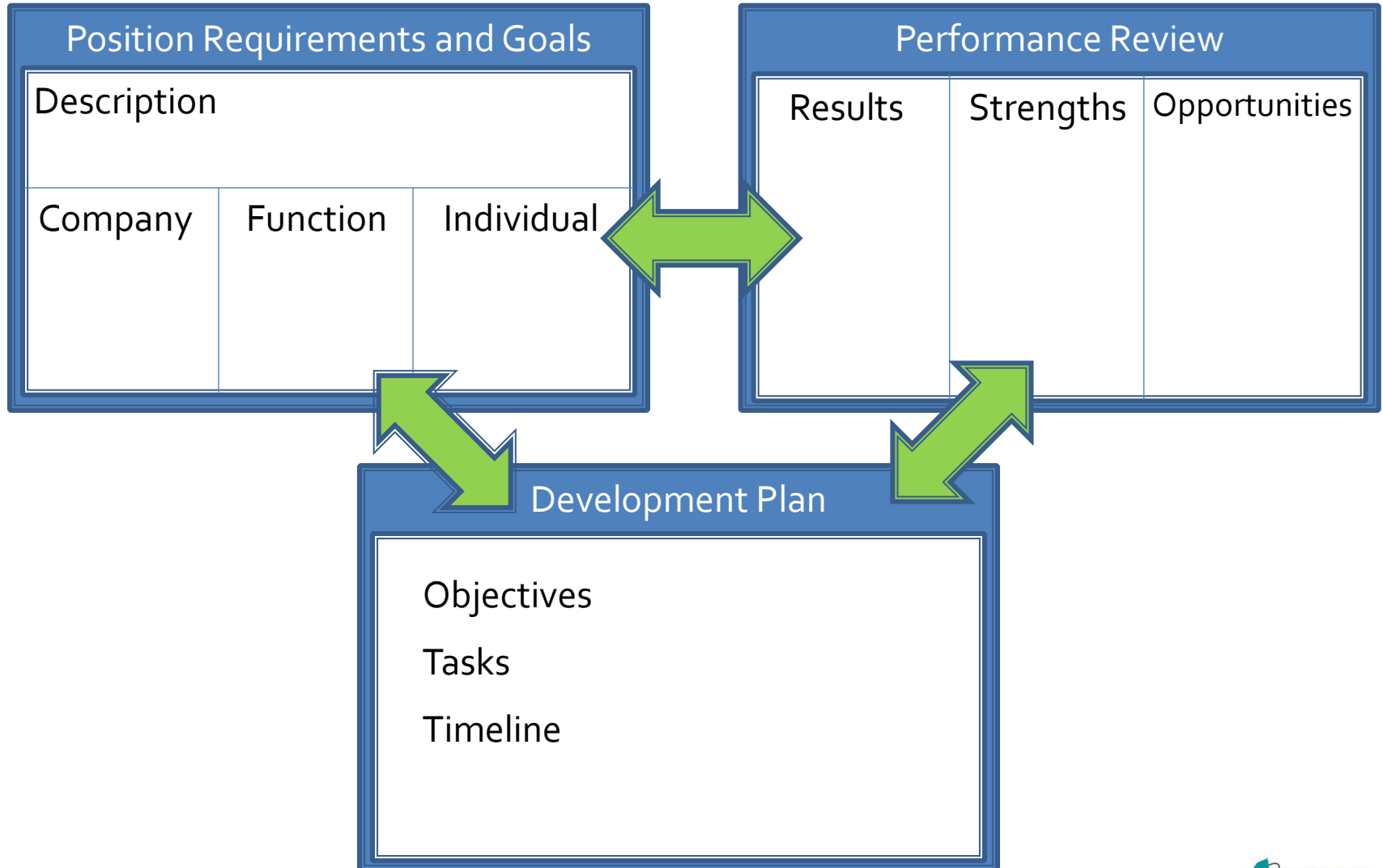
**Process Notes:**

- 16. Completed within 2 weeks of closing. Take out the old furniture / line up donation, installation, put in new furniture, painting, décor, computers, etc. Niki to call daily to coordinate set-up of services
- 17. Complete documentation about area, transportation, layout, etc. using format provided by Member Services.

# Process Improvement

LEAN SIX SIGMA DMAIC				
Define	Measure	Analyze	Improve	Control
<ul style="list-style-type: none"> <li>•Project Selection Tools</li> <li>•Value Stream Map</li> <li>•Financial Analysis</li> <li>•Project Charter</li> <li>•Stakeholder Analysis</li> <li>•Communication Plan</li> <li>•SIPOC Map</li> <li>•High-Level Process Map</li> <li>•NVA Analysis</li> <li>•VOC/Kano</li> <li>•QFD</li> </ul>	<ul style="list-style-type: none"> <li>•Operational Definitions</li> <li>•Data Collection Plan</li> <li>•Pareto Chart</li> <li>•Histogram</li> <li>•Box Plot</li> <li>•Statistical Sampling</li> <li>•Measurement System Analysis</li> <li>•Control Charts</li> <li>•Process Cycle Efficiency</li> <li>•Process Capability Analysis</li> </ul>	<ul style="list-style-type: none"> <li>•Pareto Charts</li> <li>•C&amp;E Matrix</li> <li>•Fishbone Diagrams</li> <li>•Brainstorming</li> <li>•Detailed “As Is”</li> <li>•Basic Statistical tools</li> <li>•Constraint Identification</li> <li>•Time Trap Analysis</li> <li>•NVA Analysis</li> <li>•Hypothesis Testing</li> <li>•Confidence Intervals</li> <li>•FMEA</li> <li>•Simple/Multiple Regression</li> <li>•ANOVA</li> <li>•Queuing Theory</li> </ul>	<ul style="list-style-type: none"> <li>•Brainstorming</li> <li>•Benchmarking</li> <li>•Process Flow Improvement</li> <li>•Kaizen</li> <li>•Poka-Yoke</li> <li>•FMEA</li> <li>•Hypothesis Testing</li> <li>•Solution Selection Matrix</li> <li>•“To Be” Analysis</li> <li>•Piloting and Simulation</li> </ul>	<ul style="list-style-type: none"> <li>•Control Charts</li> <li>•SOPs</li> <li>•Training Plan</li> <li>•Communication Plan</li> <li>•Implementation Plan</li> <li>•Visual Process Control</li> <li>•Poka-Yoke</li> <li>•Project Replication</li> </ul>

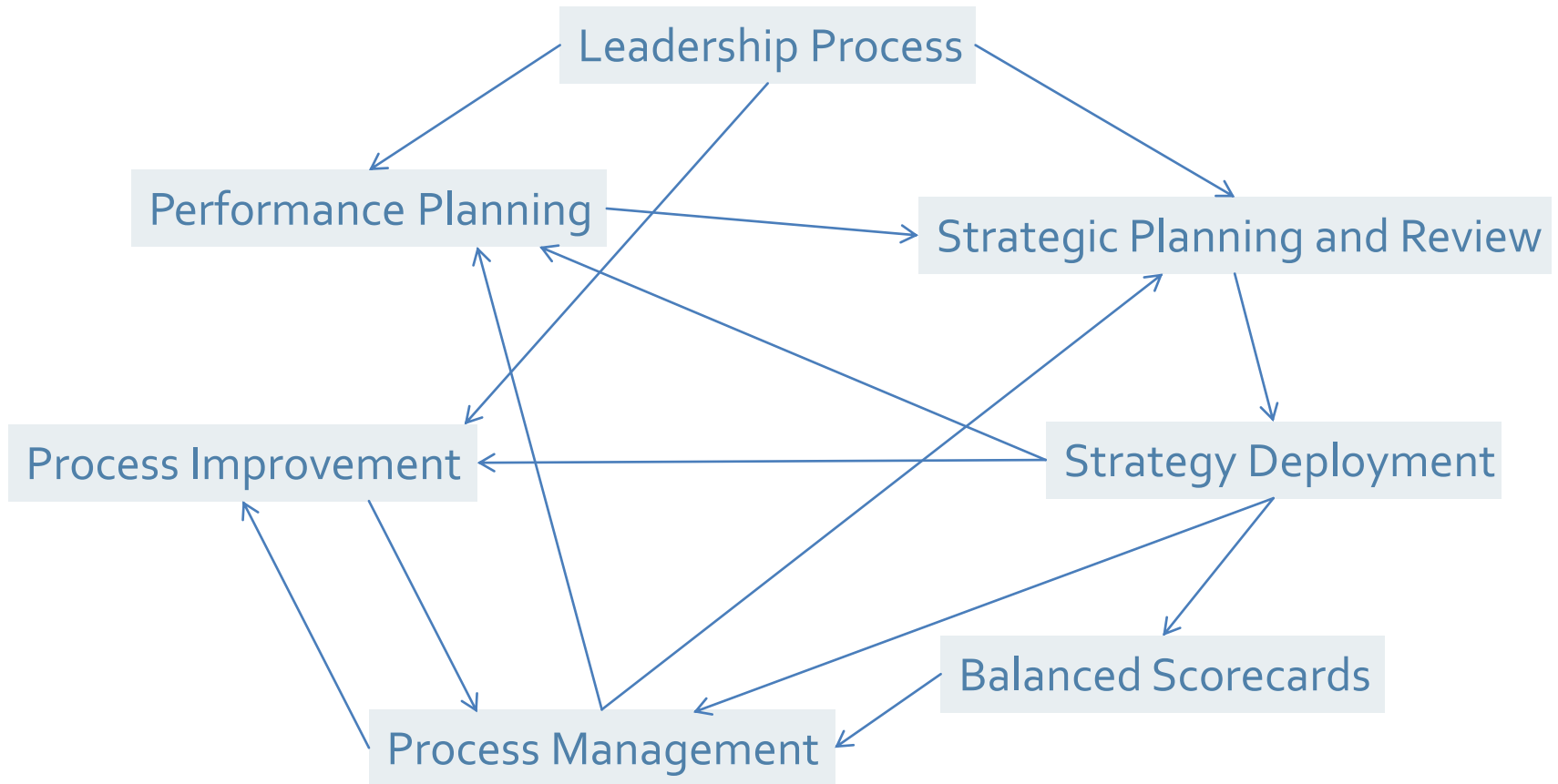
# Performance Planning



# Example Performance Plan

Company Goals	Functional Goals (BFTs)	Individual Goals	Individual Tactics
<b>New PE Members (60)</b> <b>New PEP Members (60)</b> <b>New SC Members (25)</b>	<ul style="list-style-type: none"> <li>• Assist Membership Directors and Marketing with information and prospective/VIP trips</li> </ul>	<ul style="list-style-type: none"> <li>• 5 Sales “Kudos” letters/quarter</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver excellent prospective and VIP Escapes</li> </ul>
<b>Referrals (25%)</b> <b>Member Sat. (4.75)</b> <b>Ann. Mem. Loyalty (96%)</b>	3.1 Member Sat. (4.75) 3.2 Top Box (75%) 3.3 Service Recovery (<2%) 3.4 Service Excellence (>90%) 2.5 Billing Response Time (TBD)	<ul style="list-style-type: none"> <li>• Complete Member Sat. Observations on time</li> <li>• Service Excellence Scorecard (avg. &gt;95%)</li> <li>• 15 WOW enhancements/mo.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure Planner conformance</li> <li>• Deliver monthly Scorecard Reviews</li> <li>• Deliver weekly trip reviews</li> <li>• Facilitate weekly team meetings</li> </ul>
<b>Available Ratio (6:1+/- 1)</b>	1.4 Occupancy vs. Forecast (<2%) 2.2 Res. Fail (<20%)	<ul style="list-style-type: none"> <li>• 3 successful cross-reservation suggestions/mo</li> </ul>	<ul style="list-style-type: none"> <li>• Suggest alternative destinations on every conflict</li> </ul>
<b>Ent. Value-PE (Pos.)</b> <b>Ent. Value-PEP (Pos.)</b>	2.4 40-Day Escapes Workload (<166)	<ul style="list-style-type: none"> <li>• 40-Day Escapes Workload (&lt;10)</li> </ul>	<ul style="list-style-type: none"> <li>• Keep trip priority #1</li> </ul>
<b>Employee Sat. (9.0)</b>	2.4 40-Day Escapes Workload (<166) Dept. Sat. (>9.0)	Questions x-y >9.0	<ul style="list-style-type: none"> <li>• Deliver excellent coaching and feedback</li> </ul>

# Seven Essential Practices Integration





## KEY DATES

May 28 Applications due

Oct 26 Annual Event

# Closing thought

- **There is nothing wrong with change, if it is in the right direction.**
  - Winston Churchill

Leading change  
leads to success.

# Thank you! Questions?

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