

Developing A Quality Organization

An Industry Perspective

Mark Chamberlain

Quality: An Industry Perspective

Presentation Components

- **Part One**
 - “Quality: A Strategic Perspective”
- **Part Two**
 - “Implementing A Quality Strategy”

Part One

Quality: A Strategic Perspective

Do You Care?

Quality: A Strategic Perspective

- The necessary conditions for change to occur in an organization are ...
 - Trust
 - Respect
 - Empathy

Do You Care Enough
To Take Action?

Quality Improvement

Execution Is Everything!

- Vision without action is merely a dream
- Action without vision simply passes time
- Vision with action can change the world

Joel Barker

- Action without vision is stumbling in the dark, and vision without action is poverty-stricken poetry.

Warren Bennis

The Role of Leadership

The Stockdale Paradox

Retain absolute faith that you will prevail
in the end, regardless of the difficulties

And, at the same time

Confront the most brutal facts of your
current reality, whatever they may be.

Part Two

Implementing A Quality Strategy

Implementing A Quality Strategy

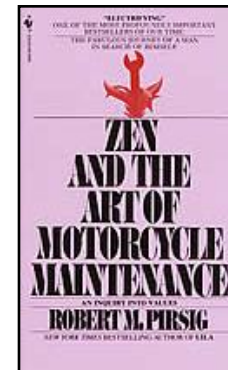
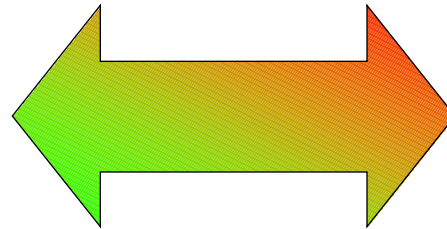
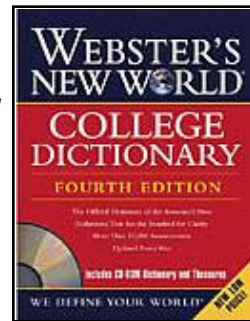
Agenda

- Quality 101: What Is Quality?
- The Journey Of Progress
- The Improvement Toolkit
- Challenges & Lessons
- Questions & Answers

What Is Quality?

- Volumes of literature on the subject yet no universally accepted definition of quality

“Distinguishing attribute or property”

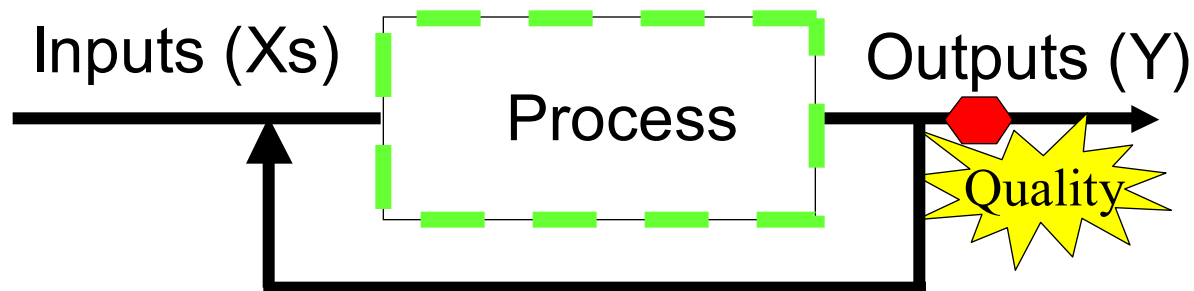


“Cannot be defined; meaningless question”

INDUSTRY PERSPECTIVE

QUALITY IS THE BY-PRODUCT OF
A PROCESS

The Three Quality Functions

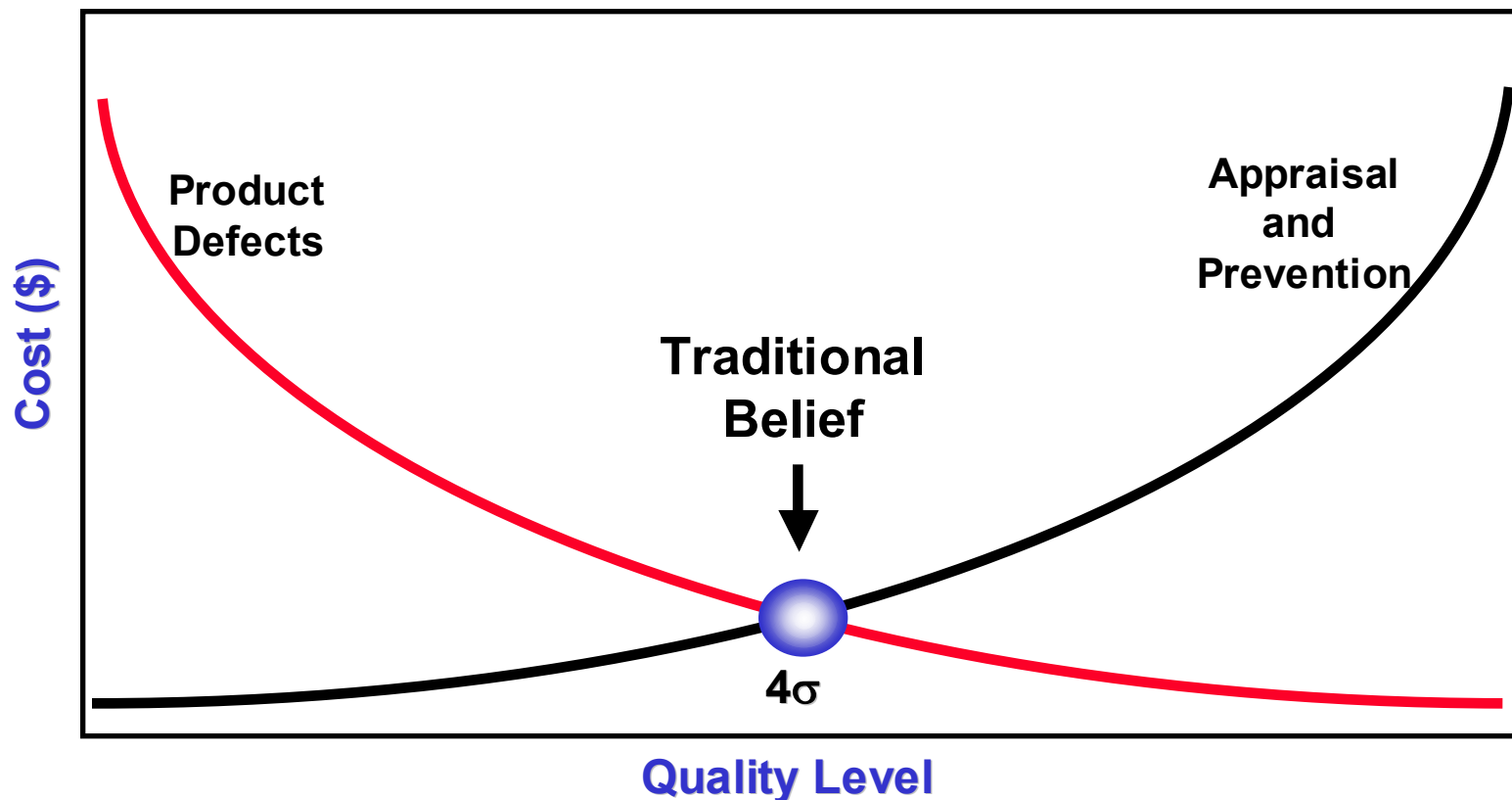


- **Quality Control** (Defect Detection)
 - Monitoring of process outputs; policing function
- **Quality Assurance** (Defect Prevention)
 - Monitoring of process compliance; feedback function
- **Process Improvement**
 - Changing the process; affects the output

Quality Improvement

What Is The Optimal Quality Level?

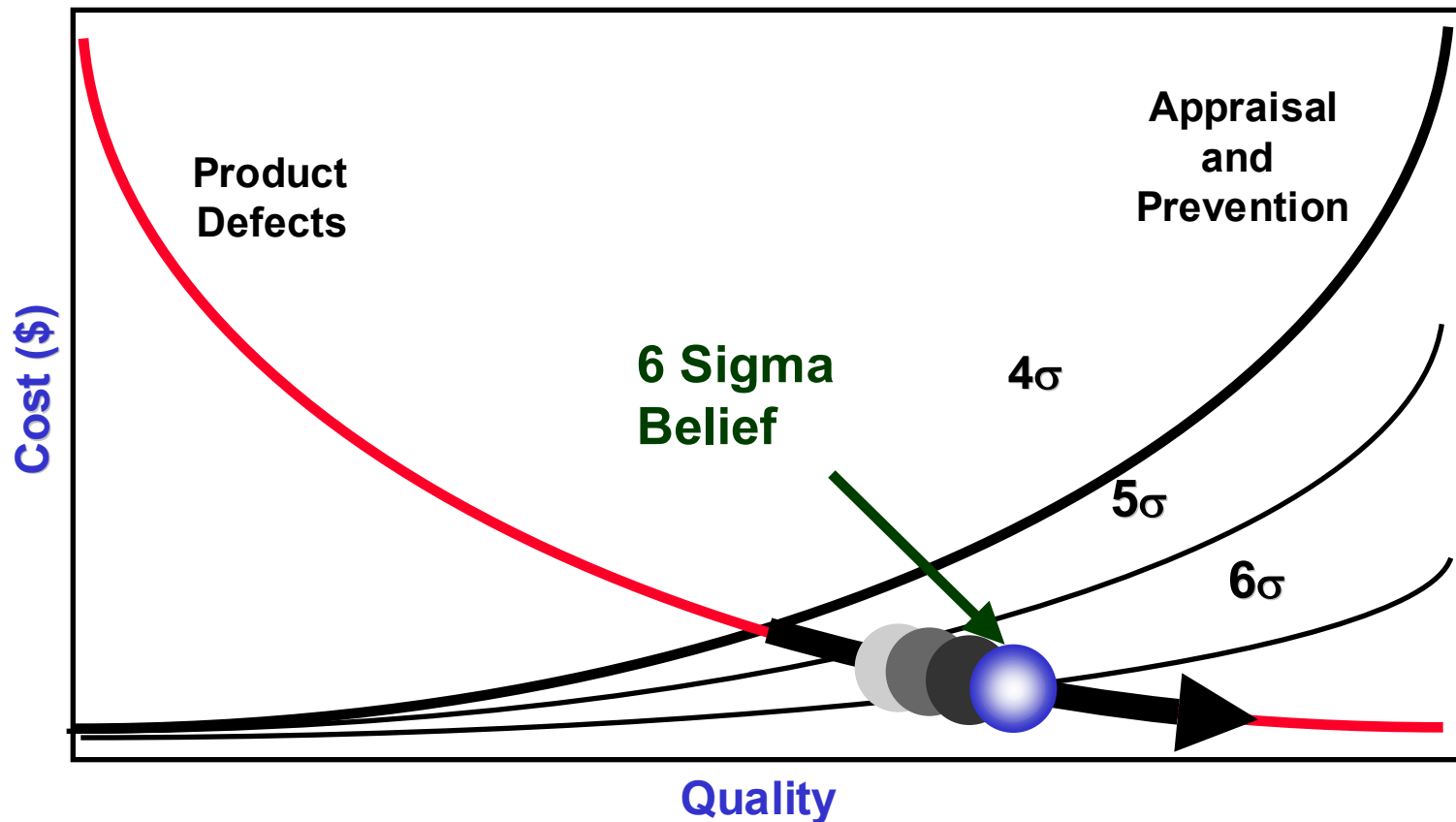
- Traditional thinking suggested an optimal level of quality (approx 4σ) where the cost of prevention offsets the cost of improvements (diminishing returns)



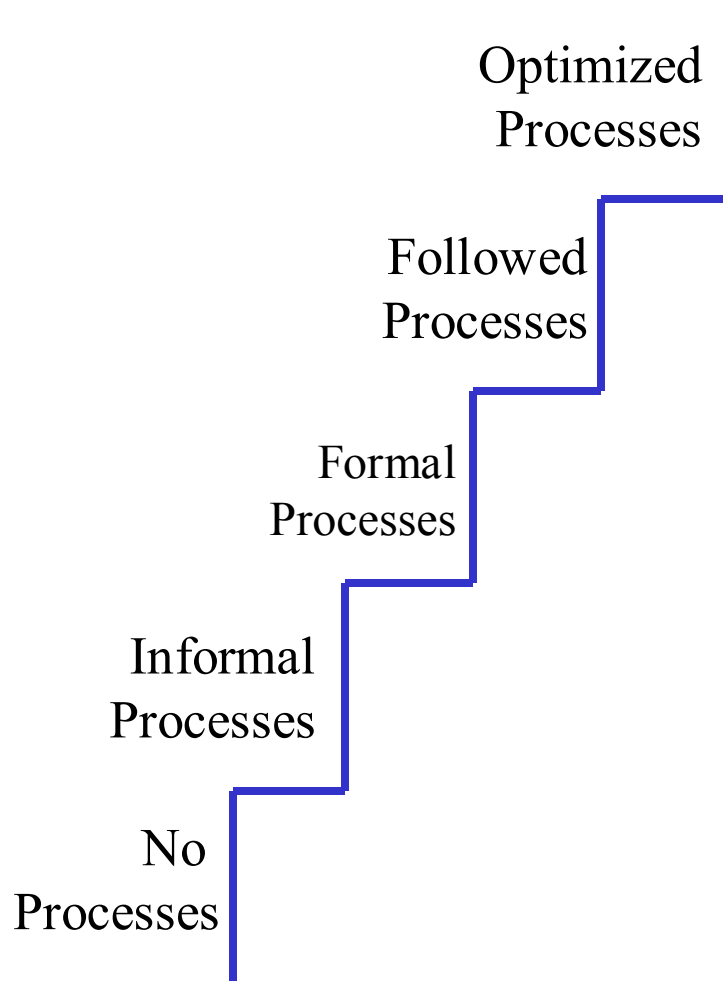
Quality Improvement

What Is The Optimal Quality Level?

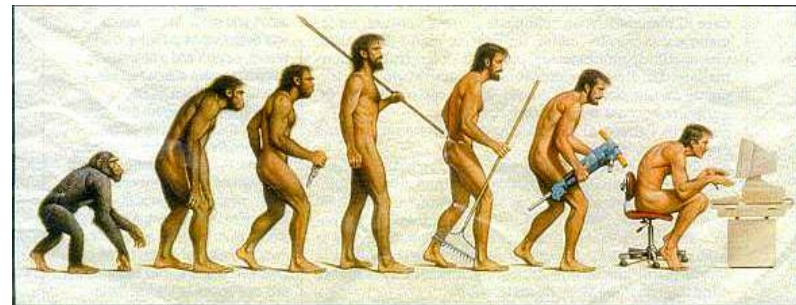
- Time and research has proven that the “*optimal level of quality*” is nearly perfection and that process improvements almost always pay off

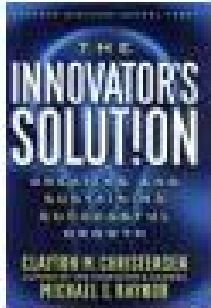


Journey Of Progress



- As organizations evolve within their markets, their process infrastructure evolves to meet new challenges
- Each step is characterized by different level of process maturity and a different challenge
- Each step is the foundation for the next step in improvement





Journey Of Progress RPV Framework

- Fundamental Principle of the RPV Framework
 - A process that defines a capability in executing a certain task concurrently defines disabilities in executing other tasks
 - As organizations mature, capabilities migrate from Resources, to Processes to Values
 - With each migration step, organizations become more focused, aligned, efficient and simultaneously less capable of spawning new innovation

Introduction To CPI

First Principals

- Continuous Process Improvement (CPI) refers to the strategy of improving business results through ongoing process improvements
- CPI means “*doing things the right way*” with the goal being perfection
- Practically, this means applying best practices to everything that you do ...
 - How we do market planning
 - How we solve problems on the production floor
 - How we approach cost savings exercises
 - How we make decisions
 - etc

Journey Of Progress

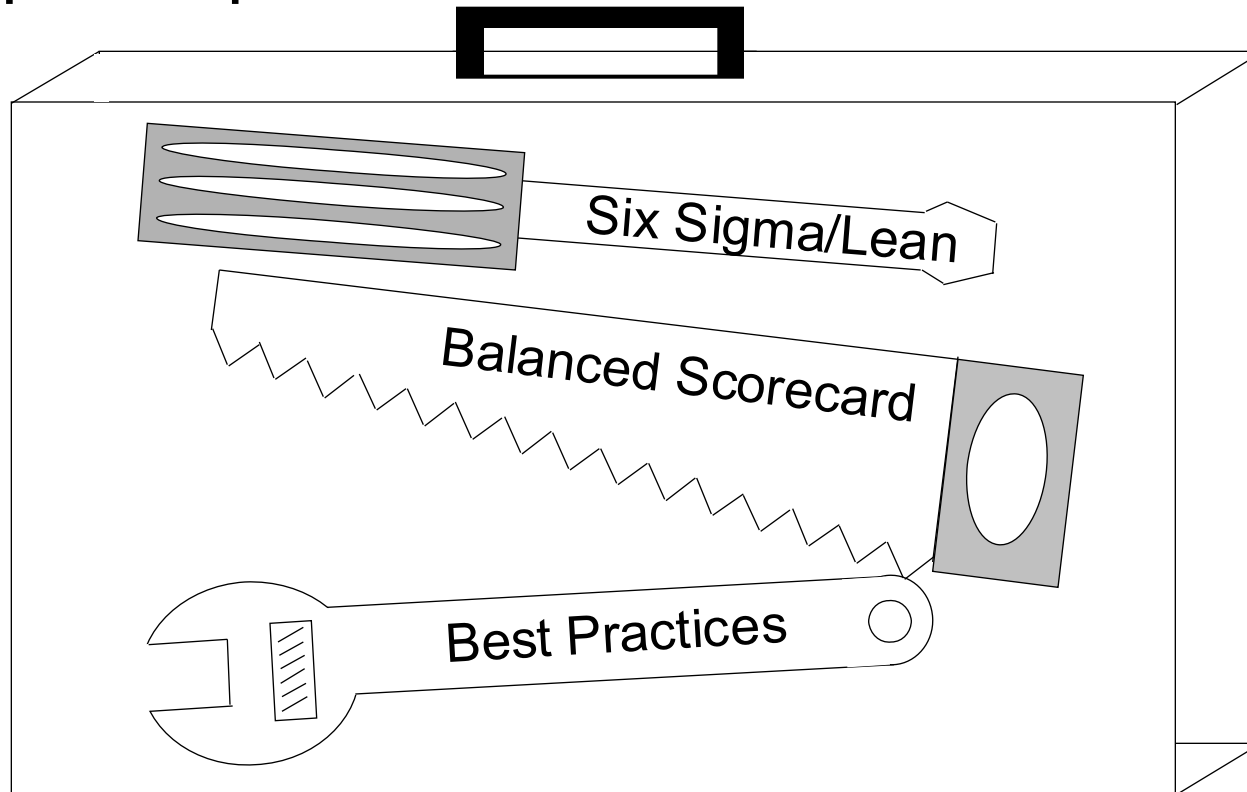
Path Toward Process Improvement

- All Continuous Improvement approaches suggest a 4 to 5 step journey
- Each step is characterized by different level of process maturity and a different solution approach
 - Step 1: Limited processes; limited discipline
 - Step 5: CPI is engrained within corporate culture

Level	Lean Path	CMMI Path	6Sigma Path	OW Path
5	Sustain	Optimizing	6-Sigma	A
4	Standardize	Quantitatively Managed	5-Sigma	B
3	Shine	Defined	4 Sigma	C
2	Store	Managed	3 Sigma	D
1	Sort	Initial	1-2 Sigma	Not Doing

The CPI Toolkit

- Think of the various techniques as tools that we have at our disposal to solve the different types of problems we face ...



CPI Toolkit

Different Tools For Different Problems

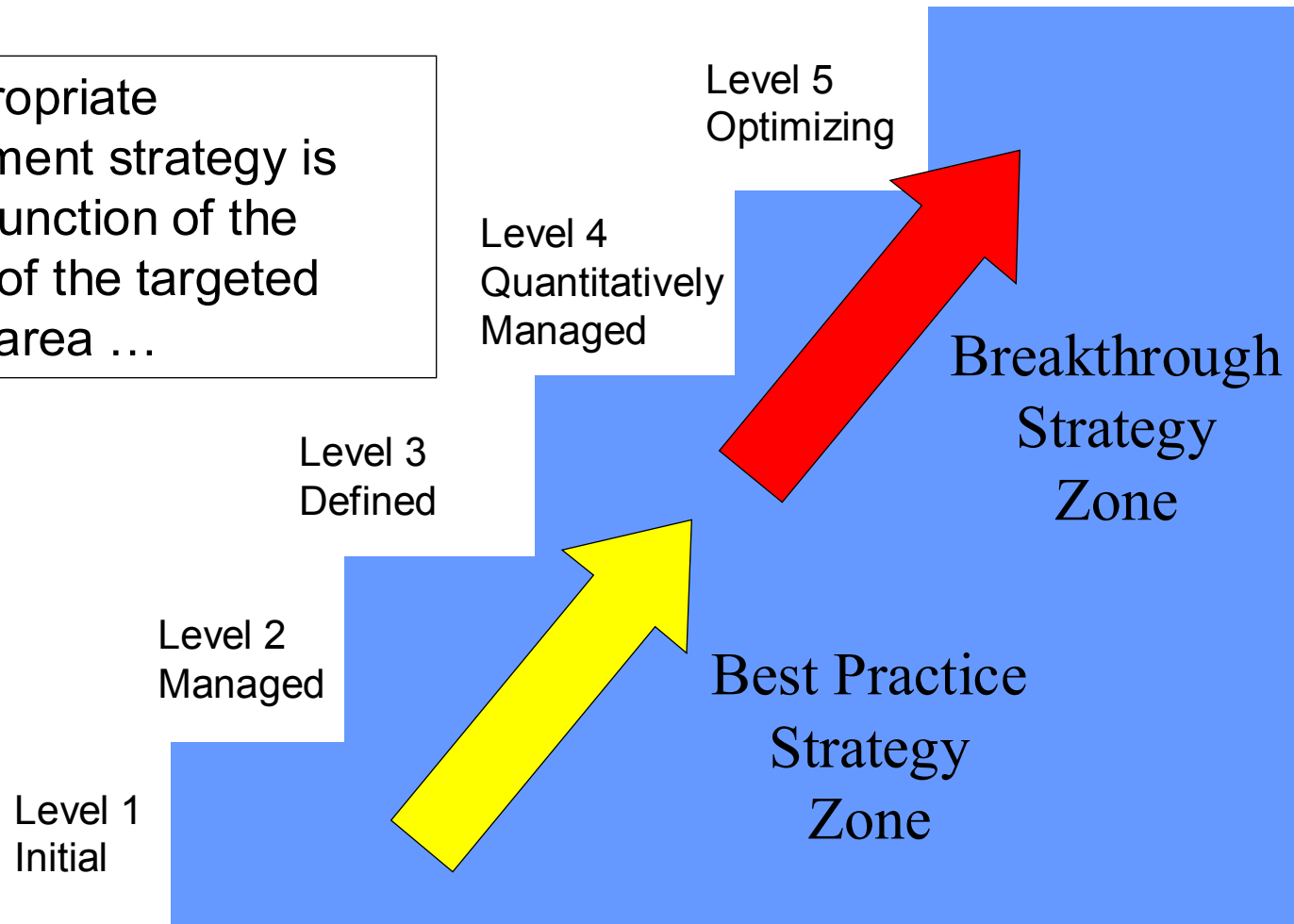
- Each tool accomplishes a different task
- Key is knowing how and when to apply a tool

Tool/Technique	Main Focus	Impact
Best Practices	Create process	Drive results to entitlement
Automation	Increase process speed	Drive results to entitlement
Lean / 6 Sigma	Reduce process waste/variation	Increase Entitlement

The CPI Toolkit

Applying Different Tools Along The Journey

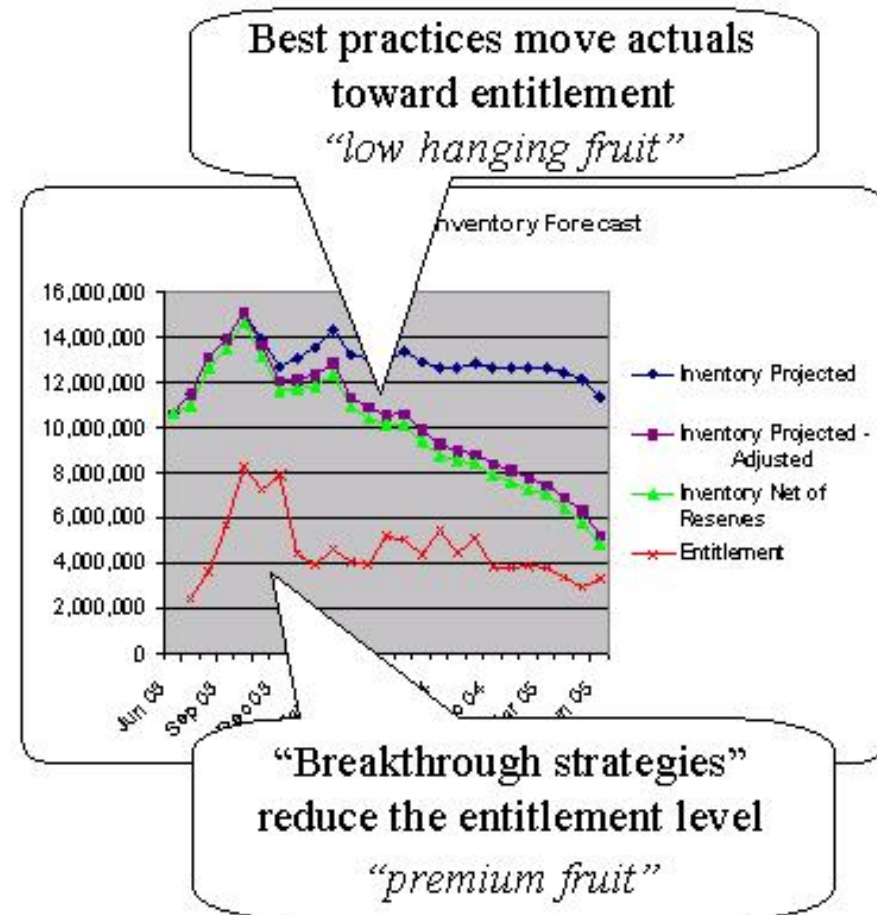
The appropriate improvement strategy is partly a function of the maturity of the targeted process area ...



The CPI Tool Kit

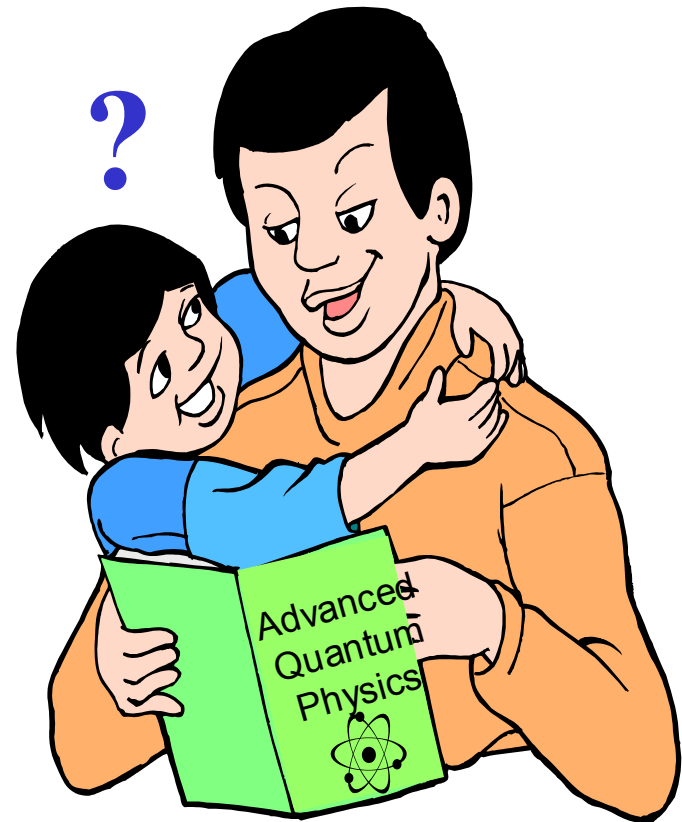
Entitlement vs Breakthrough

- The key difference between applying best practices and breakthrough strategies is that ...
 - Applying best practices will move us toward our entitlement level
 - Applying breakthrough strategies will drive down the entitlement level



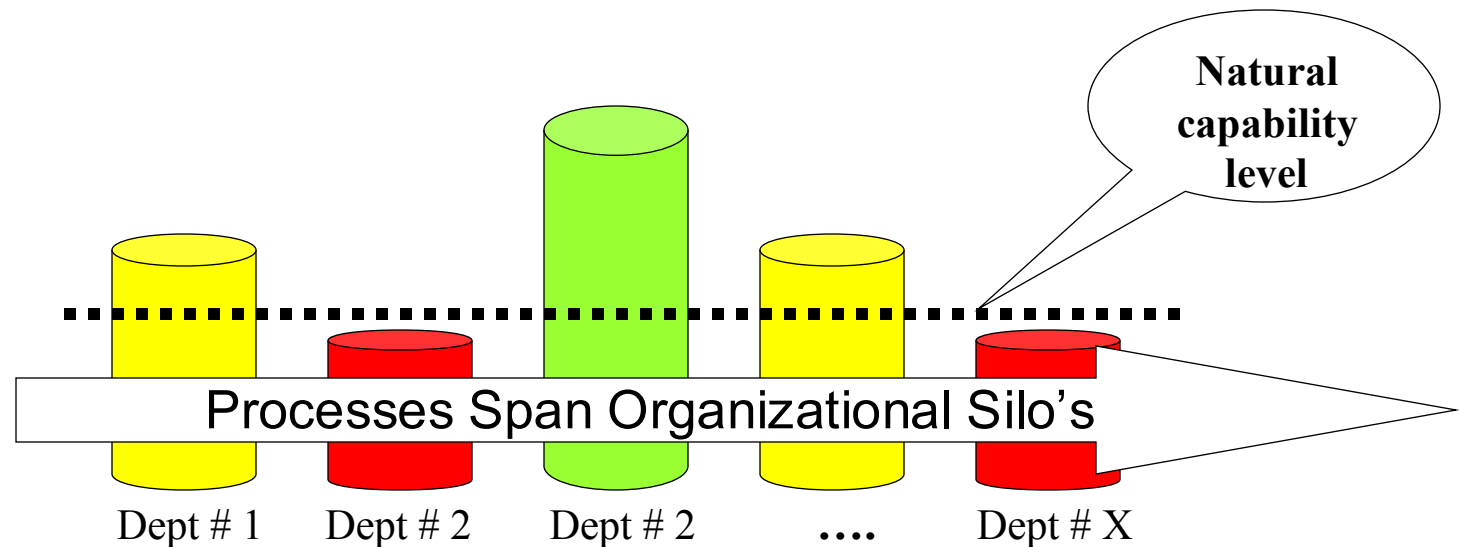
Observation # 1

- Observation
 - Breakthrough strategies will not succeed in process areas where the enabling maturity level has not be achieved
- Corollary
 - You need to assure, and where necessary develop, the maturity of the process area prior to applying Lean or Six Sigma

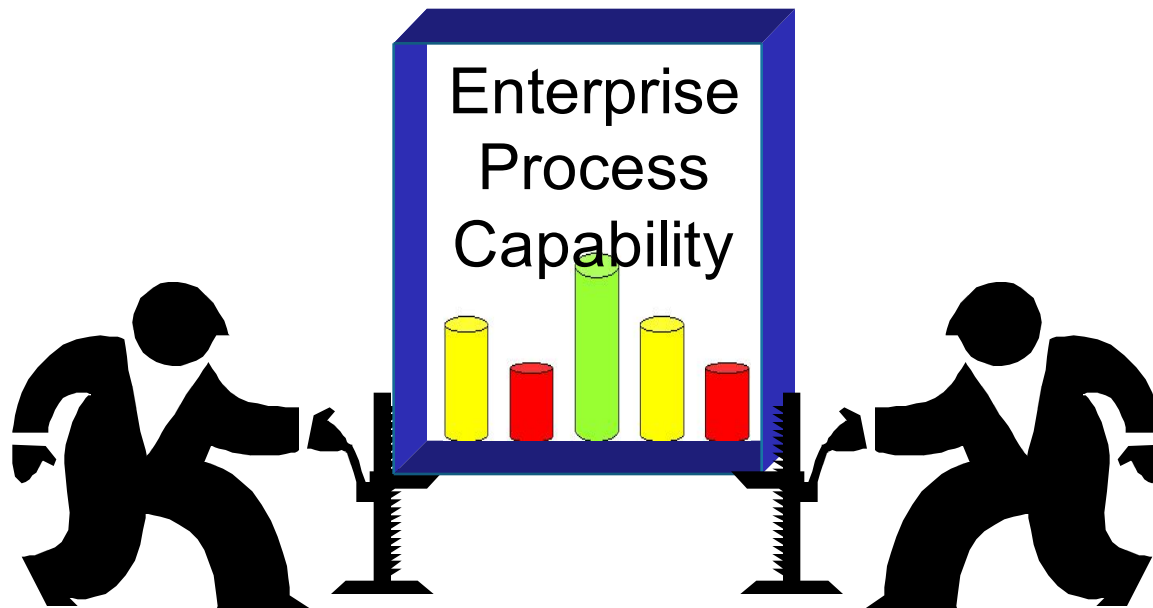


Observation # 2

- In a complex system, the process capability of the component process areas will tend toward a common level



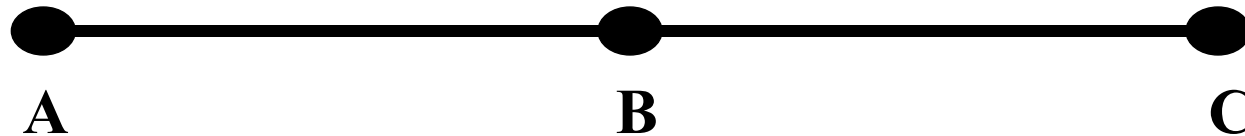
Corollary # 2



If you want to improve the capability in one process area, you need to do in the context of the entire system

Observation # 3

- Observation
 - Process area maturation takes time and follows a predictable sequence
- Corollary
 - You need to have patience; recognize that you cannot move from A to C without going through B



maybe

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Questions & Answers