

Improving Enterprise Performance Through Goal Deployment

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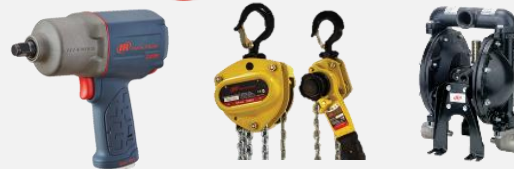




Air conditioning systems, services, solutions, parts and accessories. Innovative solutions geared toward making high performance commercial buildings and homes healthy, comfortable and efficient



Transport temperature control systems for a variety of mobile applications, including trailers, truck bodies, buses, shipboard containers and rail cars



Professional tools, hoists, pumps and systems for drilling, fastening, moving and fluid handling



Golf, commercial and utility vehicles for transportation



Rotary, centrifugal and reciprocating air compressors, and treatment products with comprehensive multi-year service agreements, audits, parts, and accessories



Our Business Operating System (BOS) is the standard framework for how we operate

Longevity



6+ Years

Foundation of our commitment to operational excellence and growth excellence

Multi-year Performance Trend



Top Quartile Revenue Growth



Top Quartile EPS Growth



Top Quartile Employee Engagement

Lean Transformation



2013

40% of conversion costs



2014

60% of conversion costs



2015

66% of conversion costs and 29% of employees



2016

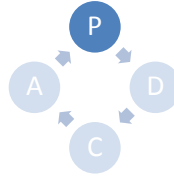
77% of conversion costs and 40% of all employees

Maturity and Growth



Expansion from manufacturing floor to functional, transactional environments

Reason for Action



Significant improvements in Cycle Time not resulting in improved On-Time-Shipments (OTS)



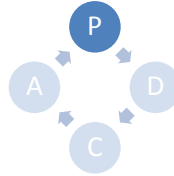
CEO observes @ Gemba that Standard Work is necessary to deliver consistent results (BOS = best known way...today)



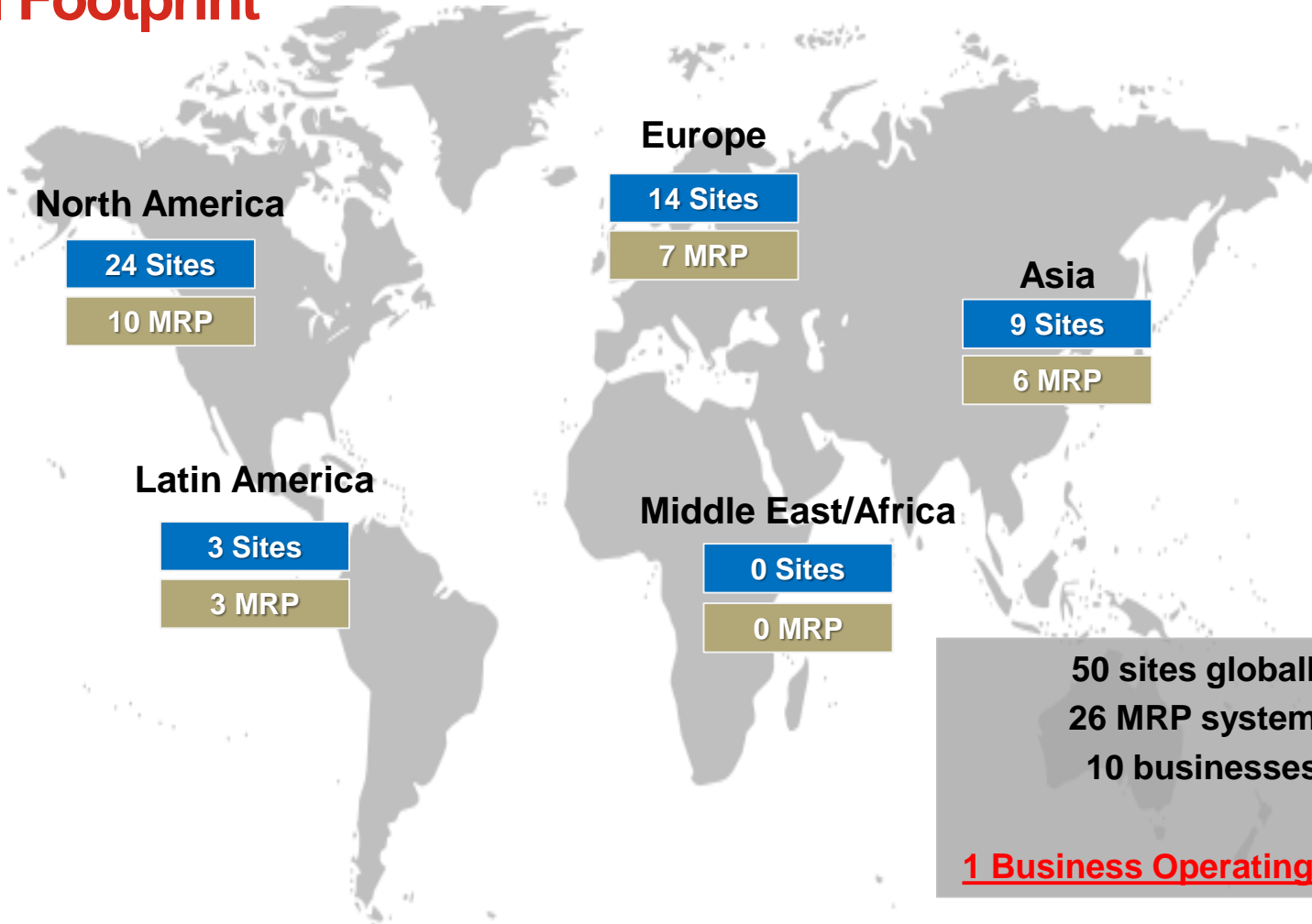
Sites adopting SIOP/Materials Standard Work showing separation in results vs. others



North Box Priority

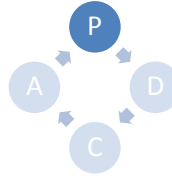


Global Footprint



50 sites globally
 26 MRP systems
 10 businesses
1 Business Operating System

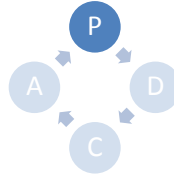
Initial State – Target State



Initial State (2015)	Target State (2016)
14 Required Standard Work Elements (SIOP/Materials Only)	5 Required Standard Work Elements (SIOP/Materials Only)
55/700 Site/SW Combinations Deployed	200/200 Site/SW Combinations Deployed
11 Sites Performing >95% OTS	50 Sites Performing >95% OTS
9/50 Sites with Daily Management Deployed for Materials	50/50 Sites with Daily Management Deployed for Materials

Alignment requires focus ... and a **clear**
burning platform from the CEO doesn't hurt!

Gaps



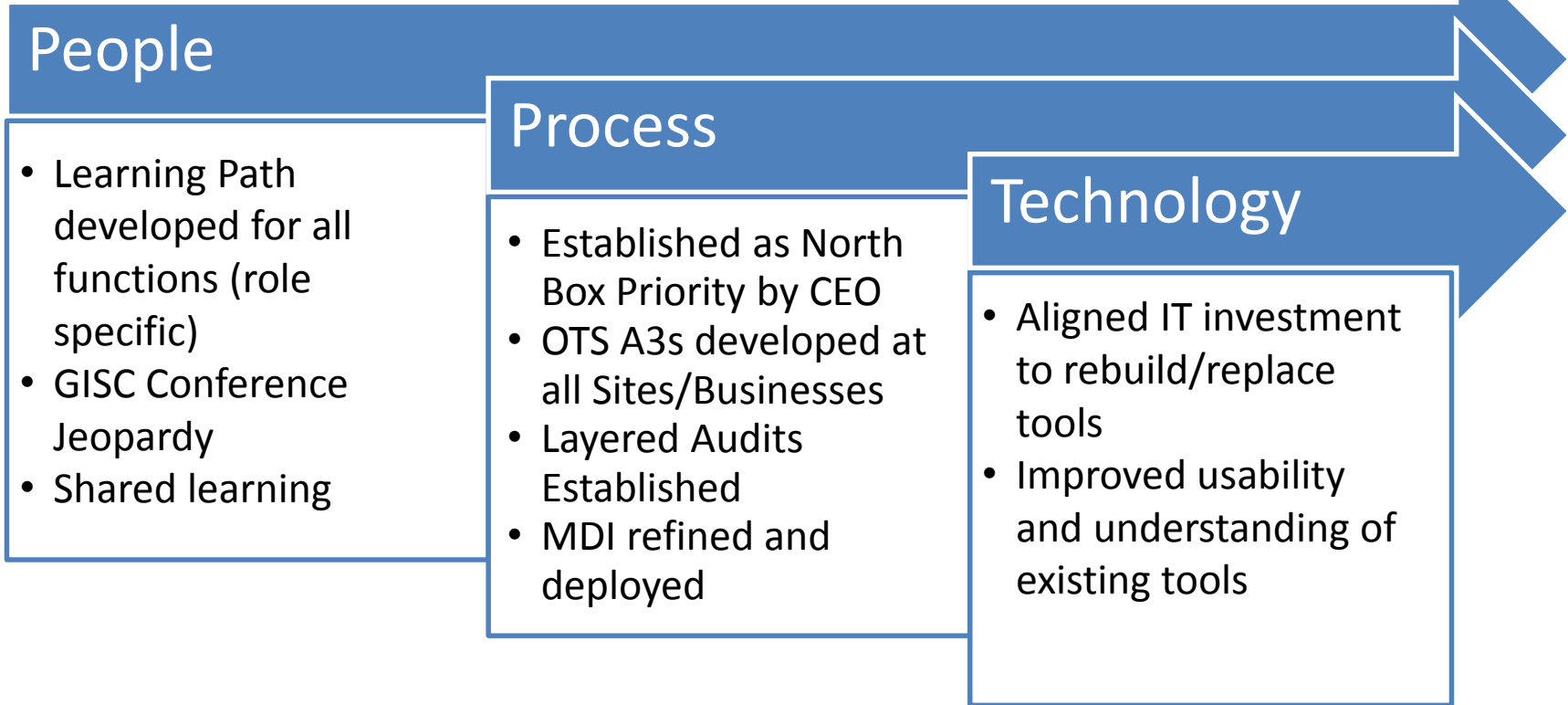
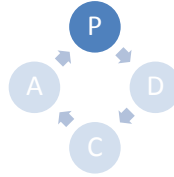
- Deployment methods inconsistent
- BOS considered a document, not a way of acting
- “Deployed” subjective
- Resources focused on other priorities
- Shallow understanding of tools – focus on saving the file, not interpreting the output
- Normal vs Abnormal invisible

“The standard work is deployed...where are the results?”

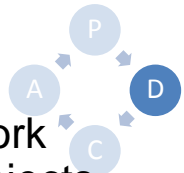
“We have MDI...we update it each week in case anyone wants to look at the results.”

“We run the Ubertool, but we don't really *use it*.”

Solution Approach



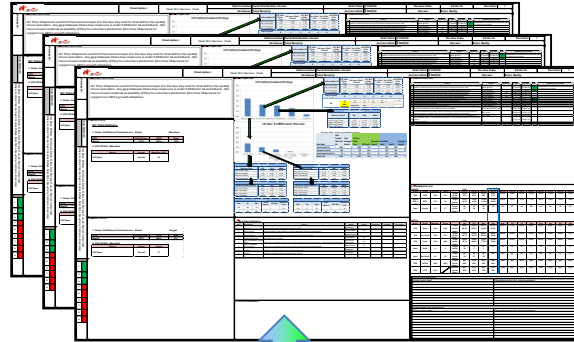
**No silver bullet ...even with alignment,
there is no single, perfect solution**



L0 & L1 X-Matrices & Trackers

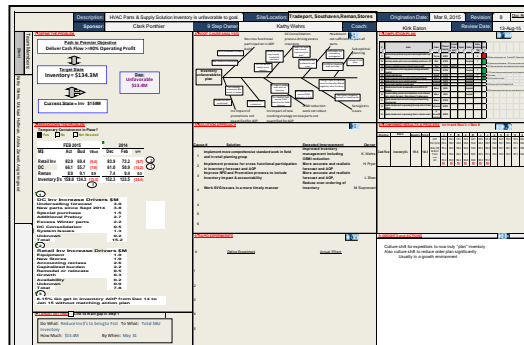
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Average	Target	YTD Variance
Enterprise	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%
Climate Segment	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%

L0, L1 & Site Level A3s/Action Plans



Weekly L0 reviews
At Mission Control

9-Step



Standard Work RIEs, JDIs, Projects

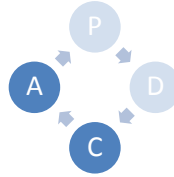


Daily Management



Sustainment

Get Engaged – Go to GEMBA



- Layered audits. We're green! We're red! We're green!
- Aligned OpEx coaches to MDI boards
- Problem solving training refresh
- Mission Control Maturity

STANDARD WORK ASSESSMENT FORM

SBU	RS HVAC
Site	Bridgeton MO
Inventory Type / Stock Location	Finished Goods
Inventory Value (USD)	\$xx
Site Contact(s)	Cynthia Spires
Assessor(s)	Kathy Daugherty 5-10-17
Assessment date	

● For questions that are a pass, enter a 1 in the cell
● For questions that are not pass, enter a 2 in the cell

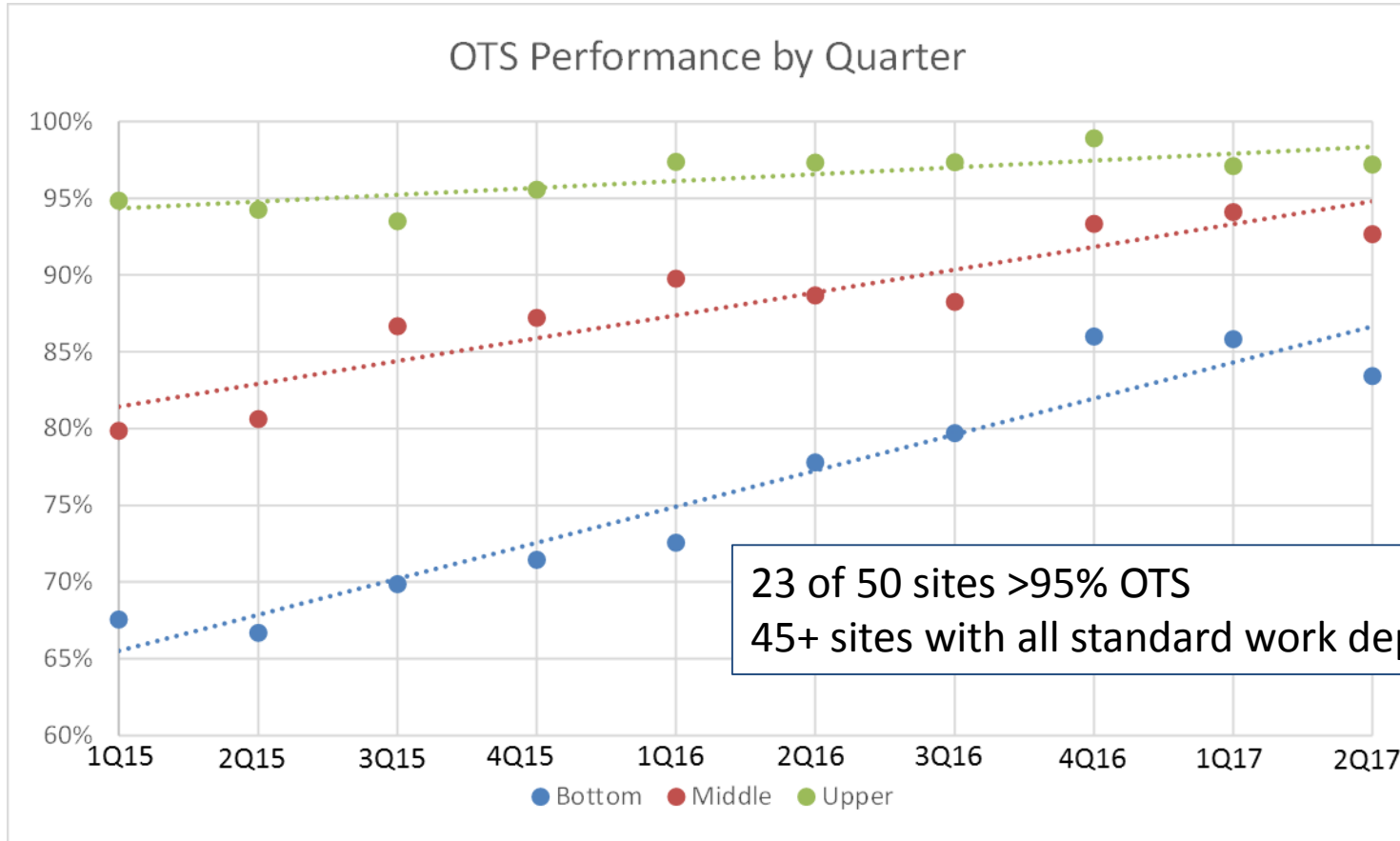
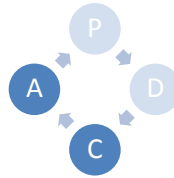
Optimizing (1)	Strong capabilities in this process. Continuous improvement in place. No significant weaknesses.						
REFERENCE	ID	CRITERIA/OBJECTIVES	STATUS	FINDING/ISSUE/ACTION	OWNER	DATE	SAMPLE QUESTIONS
MATL-0001-ABC	ABC Count Frequency	ABC Classification established and updated every 6mo - 80/15/5 split from 12 months usage at standard cost (use projected if historic usage is unavailable) - all items assigned ABC classification (minimum C)	●	Total ABCs 3563 A= 990, B=476, C=2097, Total onhand 2980. NPD: validates on hand to cycle count ABC list monthly and adds new items as A			- Total # of items, how many should be classified) - # of items with on-hand - Process for classifying NPD - All items counted minimum of 4x/yr, B 2x, C 1x.
MATL-0007-SA: Pg 5		ABC Count Frequency determined - Minimum requirement met (A=4x/yr, B=2x/yr, C=1x/yr)	●	SW for checking frequency is in place and on SW schedule for A quarterly, B and C every six months, count verification SW attached * performed in March copy attached*			- Is Daily/monthly rate +/- 10% "\$ Count Volume Target" - When was \$ Count Volume last calculated (min 1/yr)
MATL-0007-SA: Pg 9		Monthly \$ Count Volume Targets established - 3x gross inventory value (from Jan 1) divided by 12 months	●	April= 106.3%. Total inv \$63, 826,908 daily \$797,836 for 20 count days, provided monthly by finance team			

Easily Observable / Fact Based

With Associated Action Plan

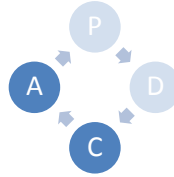
Tied to BOS

Results: Shift the Quartiles



... all while improving employee engagement by 7 pts!

Reflections/Learnings



- Goal alignment ... goal deployment ... A3 thinking
- Process ownership ... Materials Council ownership
- Inspect what you expect
- Spirit of learning and developing people
- Leaders as coaches and everyone a problem solver
- Build on the foundation

Thank You!

Your opinion is important to us!

**Please take a moment to complete the survey
using the conference mobile app.**

Session No: Th/P 50

Aligning the Enterprise Through Goal Deployment

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