In Pursuit of Excellence: How Leaders Set the Agenda

Jeff Owens

At Delphi, our corporate culture is based on a philosophy of Excellence, focusing on becoming known as our customers’ best supplier. We define Excellence as "exceeding our customers' expectations." Our performance is only excellent if our customers think it is, and in today’s competitive global environment, their expectations are increasing daily. In particular, operational excellence — most notably when our customers launch new products — is essential to meet the needs of automakers and consumers, as well as the expectations of Delphi’s investors.

At Delphi, we regard Excellence as a journey, not a destination — and while we still have a long way to go, we know we've learned many lessons on the road so far. In particular, we’ve learned that our leaders must paint the vision for Excellence and define strategies and tactics for achieving our performance goals as we strive toward our vision. Across Delphi, our commitment to that vision of Excellence fuels our aggressive pursuit of lean enterprise initiatives and other operational improvement activities driven by our leaders.

Here are a few of our findings about the critical relationship between leadership and lean, as well as some thoughts on what lies ahead for Delphi’s lean efforts.

**Overall Direction — Actions Speak Louder Than Words**

At Delphi, we've found that what leaders do is far more important than what they say. Mission and vision statements are no substitute for leadership repeatedly articulating the direction of an organization and reinforcing it with action.

For instance, in the division I lead — Delphi Electronics & Safety — our mission has centered on "Innovative People, Intelligent Solutions." My leadership team and I share the task of making the mission come alive, capturing the imaginations of our employees. Since our division develops and manufactures industry-leading electronics and safety products to serve the global automotive marketplace, igniting the organization’s creativity and enthusiasm is critical to our competitiveness. It is crucial that leaders help employees to relate their
work to our overall direction. If people can’t see themselves and their activity within our mission, our leaders aren’t meeting their responsibility to set direction.

But leadership is more than just talking about our direction. It’s impossible to simply dictate culture, so it’s critical that our actions match what we say. At Delphi, we believe leaders must live the behavior we expect from others, and match our words with decisions and resources. If we fall short in walking the talk, our people notice — and it’s reflected in our results.

Shifting the Work Culture

Delphi has a history of innovation. For instance, my division started as Delco Radio, the company that first integrated a radio into the automotive dashboard. Delphi’s other divisions lay claim to similar “firsts.” Now, across the company, we are striving to strengthen our innovative culture while simultaneously becoming lean in everything we do.

As leaders, we play an essential part in driving this shift in focus. While we don’t want our employees to “delegate up” when they face challenges, we do want them to ask for help if it’s needed — without fear of retribution. At Delphi, we expect our leaders to positively recognize people who bring issues forward proactively. We are in the process of transforming our thinking at the leadership level, working to replace any tendency to “shoot the messenger” with an analytical approach based on problem solving.

Our focus on lean goes well beyond the manufacturing floor; everything we do has to align with it. That’s partly done with goals and tracking performance measures to them, but leadership will shift the culture by constantly following up to reinforce the direction set.

Again, actions speak louder than words. Whenever possible, our leaders go to where the work gets done to praise success and assess issues. When recognizing success, we try to be visible — with less emphasis on monetary reward and more focus on appreciation for a job well done.

If things aren’t going well, we ask questions or, better yet, stimulate employees to ask their own questions and analyze the issues themselves. Our approach has been to drill down by asking the "Five Whys" — and we strive to resist any tendency to finger point or ask the "Five Whos."

Rewarding the right behaviors

Our experience at Delphi has shown that most people, with effective leadership, are able to support our journey to Excellence and our focus on lean. Of
course, some take longer than others, and along the way, mistakes happen.

If people recognize the need to improve, they are on the right track and my leadership team and I respond with guidance. On the other hand, persistent unhelpful behavior and bad attitudes, while rare, require a different approach. When an individual is unwilling to change, that person is probably not a good fit in an organization like ours, especially in a leadership capacity. At Delphi, we believe it’s important for our executives to be strong and decisive in situations like these, since the rest of the organization depends on us to maintain momentum around lean and Excellence.

**Performance Measures — Listening to the Data**

Performance measures are a concrete representation of an organization’s progress toward its vision. At Delphi, our approach has been to focus performance measures on just a few themes, with goals based on extraordinary expectations related to those themes. We try to be clear and consistent in establishing these measures, so our employees have no questions about what is expected of them.

The best advice I’ve ever received about performance measurement is, ‘Don’t measure it if you’re not going to analyze it, and don’t analyze it if you’re not going to do something about it.’ That’s why, at Delphi, we make it a point to track improvements and, whenever possible, go to the plant floor to be sure that they are real and sustainable. We must be able to replicate success and hold it; otherwise, all we achieved was a demonstration without understanding its implications in depth.

We’ve found that a long string of performance measures doesn’t help point direction for our employees and that a few tracking metrics, consistently emphasized, are far more effective. We also try to deliver a balanced message. The measures at the top of my watch list are:

- Safety — OSHA recordables
- First-time quality
- Productivity: pieces per person (full headcount)
- Shipping window compliance.

Across Delphi, safety tops our list of key metrics, and industry data shows Delphi’s manufacturing operations are among the very safest in the world. For example, our Deltronicos Operations in Matamoros, Mexico, have exceeded 66 million work hours without a lost workday case.

While we care about our people and want them to work in a safe and healthy environment, we’ve found a focus on safety delivers a host of benefits that go beyond the well-being of our employees. We find that safety consciousness brings about an attention to process detail that transfers to everything else we do. For instance, because our engineers live safety, they automatically aim for the tightest possible thresholds of safety when designing things like crash sensors to trigger automotive air bags.

We also emphasize first time quality. Five years ago, when we began our lean journey, we found it challenging to balance some lean principles with an emphasis on quality. As our learning continued, we better understood how to apply lean to identify potential problems. Today, with our customers demanding flawless performance, our focus is clear — kaizen with a zero defect objective.

We use tools like enterprise resource planning software to track our metrics. Through this system, every division’s achievements are visible across Delphi — which both creates some healthy internal competition and identifies potential best practices that may benefit our entire company.

We also use our performance metrics as the basis for recognition. When one of our divisional sites achieves a significant goal, we recognize that effort on our employee website and through other internal communications. We’ve found our people respond positively to this visibility. In fact, congratulatory notes from our executives are often framed by a team and displayed for all to see — reinforcing the kind of behaviors needed to ensure Delphi’s future success.
**Problem Solving Attitude**

Structured problem solving is what lean is all about. Short leadtimes are good; correcting all problems that become visible is better; preventing problems from happening is best. At Delphi, we are working hard to shift from containment to prevention — but we also know that effective problem solving is critical in effectively containing a problem before it affects a customer.

We coach people to ask the "Five Whys" when examining a problem, and I try ask them constantly myself. Our goal is to shift the entire organization away from fixing blame toward resolving problems. Of course, problem solving is for the entire organization, not just engineering and production. On the manufacturing floor or in purchasing, we want our employees using both their heads and their hands to solve problems, and expect our leaders to encourage this approach.

We also use sophisticated techniques for complex analyses, from Design of Experiments and advanced simulations, to DFSS (Design for Six Sigma) and Red X. But it’s attitude, not the existence of advanced tools, that makes the difference.

We use the same structured approach to learn more about what our customers want. We find that the more we know about our customers and their needs, the more we are able to avoid problems in the development and production process.

**Mizen Bouchi and Eyes for Risk**

A major aspect of our lean activity has been to shift our focus from containing problems to preventing them from occurring in the first place. Among lean practitioners, this concept is known as *Mizen Boushi* and it emphasizes the importance of detecting potential future issues in the very early stages of product and program development.

We’re finding hands-on involvement from our leaders is key to helping our employees develop a mindset of prevention. At Delphi, we’re encouraging our people to make issues visible before they become problems ... to develop "Eyes for Risk" to match the "Eyes for Flow" and "Eyes for Waste" we have traditionally employed in our lean endeavors. As anyone in manufacturing knows, two hours of prevention early in the development process can save many weeks of messy correction later on — so we’ve found that a preventive approach is beneficial to productivity, too.

This has been an evolutionary process across Delphi. Five years ago, FMEA (Failure Mode and Effects Analysis) was mostly a one-time event. When field problems surfaced later, we often found they had been anticipated — but correction got lost in the rush of other work. Now FMEA is ongoing, both in product development and process development, and corrective action is a high priority.

Our goal is to detect potential issues in the very early stages of product or process development and deal with them before they fester into something bigger. As we go along, we try to take action on all negative feedback and near misses, rethinking potential modes of failure and taking action where we can. We encourage all our people — in purchasing, shipping, human resources, indeed all functional areas — to develop "Eyes for Risk." This is a preventive mindset geared toward anticipating what might go wrong — and addressing it before it does.

Our intense drive for zero defects has partly been driven by the increasing complexity and interconnectedness of our products on a vehicle. Our customers depend on us to deliver the quality the end consumer expects. A commitment to zero defects is essential to making our customers competitive in today’s global automotive marketplace.

**A Culture of Innovation**

At Delphi, we take pride in our heritage of innovation and understand it holds the key to our future. Excellence in our operational processes must be matched...
with game-changing, technology-rich products to ensure Delphi’s future growth. Let me share some of the things we’re doing to maintain Delphi’s focus on innovation.

First, despite the financial challenges we’ve faced during a time of flat worldwide vehicle production volumes, rising commodity costs and skyrocketing healthcare expenses, we’ve maintained our investment in R&D. At Delphi, we believe it’s essential to invest during tough times in order to be prepared when business picks up. So, Delphi has invested approximately $2 billion annually since 1999 to keep our pipeline of future products full.

Second, we recognize the technical leadership in our company. By long tradition, Delphi honors people who contribute to our intellectual property at both the corporate and divisional level, through special events, stories on the employee website, and even a “Hall of Fame” to honor our most accomplished inventors.

We also offer non-managerial career paths for our technical staff, basing an increasing number of promotions on technical merit only. We feel this is the best way to tap into the raw technical talent in our organization and harness that creativity for better, industry-leading products and systems.

Third, we have cultivated a focus on the customer among our engineering and technical development staff to ensure that we are working on products and technologies our customers will want to buy. Our fundamental approach to development is to generate “banks” of knowledge that we can draw on. Most banks are technical, but not all. Sometimes innovation also requires a change in business model — how we approach customers, how we deliver to them, or how we educate them.

To set up a development project, we identify a customer problem in need of solution; then focus on it and draw on the banks to solve it. We want our technologists on the project to grasp the full scope of the problem and help craft a complete, creative solution, working with production, suppliers, logistics, and other competencies. Technologists are an important part of the lean culture, too.

Learning from Toyota

At Delphi, we’re proud of the relationship we’ve formed with Toyota, a valued customer that has taught our team a great deal about lean and quality. Toyota is the birthplace of lean and we’ve been impressed by the depth of lean knowledge we’ve seen from every Toyota representative we’ve met — from senior executives and purchasing managers to employees from the production side of their organization.

We’ve worked hard to understand Toyota’s approach to lean and apply it within Delphi. We’re focusing on three key points we’ve taken away from our many encounters with Toyota:

- Learn preventive thinking
- Learn to use the system to point up problems; then overcome them
- Learn the value of coaching others and sharing with them at every opportunity.

Now we’re trying to engage Delphi’s suppliers on our lean journey, in much the same manner in which Toyota engaged Delphi. Like Toyota, we’re coaching the approach, not just the techniques. Our goal is to create preventive linkages and work together to satisfy our OE customer.

The Culture is the Company

As I said before, Delphi’s lean efforts are a journey, not a destination — and we have a long way to go. We surely don’t have all the answers; we still have a lot to learn. But I am confident our leaders have laid a good organizational foundation that will support Delphi’s ongoing lean activities. Moreover, we’re already seeing results as more of our employees step forward to seize challenges and proactively address issues through lean. I wholeheartedly believe that, across our company, lean has made the transition from being simply a collection of techniques and definitions to serving as the basis of a thriving, dynamic
culture that brings out the best in what our people have to offer.

Solid leadership will be critical to our future success. Through our pursuit of lean, we’ve learned that only committed management can lead a company in this journey towards excellence. An organization’s progress depends on its leaders — and it will go no faster than leaders do.

The path ahead is long and offers many challenges. But, at Delphi, our leaders are committed and focused on success, and ready to take the next step forward.

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