SBS Tool
Fundamentals of the Simpler® Business System

…Building Strategic Advantage through Enterprise Wide Improvement…
Quality-checks-as-we-go

- By the end of this module we will have covered……..
- The timeline of improvement
- The Simpler philosophy
- The mechanics & human dimensions of change
- Typical results achieved
- Phases of transformation
- How to get the results
- Elimination of waste, unevenness, and overburden
- Value, value adding and the value proposition
- The principles of the simpler system
- True north metrics
- How SBS is deployed
  - Strategy
  - Value stream(s) analysis
  - Rapid Improvement Events
  - Sustainment
Timeline of Business Improvement

1902 1911 1920 1924 1926 1940 1949 1951
Frederick Taylor Scientific Management
Walter Shewhart Bell Telephone Ops. w/ Joe Juran & W. Edwards Deming
Ohno Starts Work on TPS
Joe Juran “Quality Control Handbook”

Sakichi Toyoda Loom w/ Jidoka
Ford – River Rouge Economies of Scale
Fokker Wolf invents Takt Time concept
Deming lectures PDCA in Japan

Shingo Develops Mistake Proofing Based on Jidoka
Toyota reveals to the world It’s Just In Time Production System
Goldratt “The Goal”
Danaher Business System

Shigeo Shingo Begins working with Toyota
Shingo Develops Single Minute Exchange of Dies
Motorola Six Sigma Movement Begins
Koenigsaecher 1st U.S. Implementation of TPS

SBS is a Business System based on a rich history of improvement methods
Simpler® Business System Philosophy

Based on two simple concepts

- Respect for People and Society
- Respect for Customers

Respect for all people is a foundational value that guides the Simpler® Business System
The Mechanics of Improvement

It takes time to transform your organizations culture
Human Dimension of Improvement

CULTURE is the sum of our collective behaviors
Results of Continuous Improvement

60 Years of Continuous Improvement

15%/Yr Revenue Growth, 91%/Yr OI Improvement

2 Decades of Danaher Business System

Immediate results, Never-ending improvement

3 Years of the Simpler® Business System
Phases of a Transformation

N/10 pace and 1–3% dedicated to Continuous Improvement
Quality-How are we doing?

- The timeline of improvement
- The Simpler philosophy
- The mechanics & human dimensions of change
- Typical results achieved
- Phases of transformation

Can we check off any of your questions too?
Seek Improvement through…..

Continuously Reducing:
- Waste
  - Operational
  - Product / Service design
- Unevenness
- Overburden

Continuously Enhancing:
- Value Proposition
- People

Eliminating Waste is only part of the battle
Operational Waste

In the eyes of the Customer everything an Enterprise does either ADDS VALUE or does not.

**Definition of Value Adding**
- Any activity that directly contributes to satisfying the needs of a customer.

**Definition of Non-Value Added**
- Anything that consumes time or resources but does not add value

Most Processes are NINE parts Waste to ONE part Added Value
Unevenness

- Needs and demands have natural variation which we often make worse
  - Encourage over-consumption
  - Sales/Volume Based Discounts
  - Delaying
  - Economies of Scale
  - No Standardization
  - Handoffs
  - Lack of Skills & Training

2nd order improvements result from reducing variation
Overburden

- Overburden occurs when the human element of a work process is not:
  - Safe
  - Stress free
  - Engaging at some level

- Causes of Overburden are many but typically stem from:
  - Too much waste
  - Poor ergonomics
  - Too much to do and not enough time to do it

Tolerating Overburden demonstrates a lack of respect for people.
Principles of the Simpler® Business System

- The Customer defines value
- Deliver Value to Customers on Demand
- Standardize and Solve to improve
- Transformational Learning requires deep personal experience
- Mutual Respect and Shared Responsibility enable higher performance

Basic ideals derived from decades of experience
Deliver Value to Customers on Demand without waste

- Flowing 1-by-1 at “Takt Time”
- Zero Defects is achievable
- Customer Pull triggers action
- Increasing Velocity motivates improvement
Standardize and Solve to Improve

- Standard Work, the current best known way
- Root cause problem solving vs. firefighting
- Deming Cycle of Plan, Do, Check, Act
- Constant improvement is sustainment
Transformational Learning

- Required deep personal experience.
- Learn by doing.
  - How many golf books did Tiger Woods read to get that good?
- Rapid Improvement Events
  - A highly effective way to practice change.
  - How many will we have to do to be expert at change?

Postponed perfection is the enemy of improvement
Mutual Respect & Shared Responsibility

- Enables Higher Performance
- Leaders and associates working together
- Leaders coach and model behavior
- Commitment through involvement

Employ the whole person
Simple Measurements

The “True North” Metrics

- Human Development
  - Improved capability at all levels
- Quality
  - Zero Defects
- Timeliness
  - 1 by 1, in sequence, on demand
- Cost
  - 100% Value Added

Focus equally on all four
Quality-How are we doing?

- How to get the results
- Elimination of waste, unevenness, and overburden
- Value, value adding and the value proposition
- The principles of the simper system
- True north metrics

Can we check off any more of your questions?
Strategic Planning and Development

- What are the aims and vision?
- What is the 10, 20, 30 year vision?
- S.W.O.T Analysis
- What are the Strategic targets to be deployed to achieve True North?

The A3 makes tangible the Strategic intent
Strategy Deployment

- Turning top level goals into local actions
  - Create a vision
  - Build momentum for change
  - Execute strategy at all levels
  - Monthly management and Corrective Action
  - Forward looking

It’s about FOCUS
Value Stream Analysis

Deliverables

- Agree on the Key Performance Measures
- Three Value Stream Maps
- Baseline current performance against Key Performance Measures
- Rapid Improvement Plan

Value Stream Analysis avoids drive by Kaizen
RI Events are the engine of Change

- 3 weeks before – Steering Committee reviews plans
- 2 weeks before – Select teams and collect data
- 1 week before – Finalize data, review goals

- Day 1 – Training, study current conditions
- Day 2 – Apply tools and make big changes
- Day 3 – Train stakeholders and run the new process
- Day 4 - Standard work
- Day 5 - Presentation

- 1st week after – leadership audit, root cause problem solving
- 2nd week after – measure, measure, measure
- 3rd week after – daily management and sustain

Rapid Improvement Events are the Vehicle of Change
Sustaining the Transformation

- Visual Management - Information Centers
  - Provide a structure for managing and solving problems
  - Institutionalises an improvement culture

- Practical Problem Solving
  - Problem Solving when the real “root” cause is not known
  - 5 Whys spoken with data!

- A3
  - A communication tool and method for process improvement
  - Conveys a team’s logic such that others can contribute

Information Centers provide essential focus to support Sustainment
Summary

- The organization wants to adopt SBS principles
- Leadership is committed
- There is an investment in:
  - Time
  - People
  - Resources
- Our mutual goal is to develop your business system

Let’s Do It!