

## Remember! Optimize the whole and not the parts

During Master Black Belt training, I was presented with a challenge: help one of the global businesses overcome a problem they were having with the monthly Sales and Operations Planning (S&OP) process. There were five steps in this process:

1. Product management: new product introduction and product testing
2. Demand management: assembling forecasts by product family across all regions
3. Capacity management: responding to the forecasts in steps 1 and 2 to accommodate production requirements, inventory builds and product testing plans.
4. Internal review: a financial review of the above three steps and confirmation that it met financial goals and passed the sniff test before presenting to senior management
5. Business Review: this is the step where the Business Leader took ownership of the plan.

Each of the first three process owners had their own goals and objectives and there was not a lot of interest in the other steps. There was a lot of goodwill just not a lot of interest in coordinating. The result was that each step's output was deemed by the downstream step to be incomplete, error ridden and late. This was a pretty accurate assessment of the overall process as well.

Before meeting with the teams together, we met individually with them to prepare detailed process maps for their areas. We then stitched these together into one master map.

Summary of a Process Mapping Exercise:

- Swim-lane diagrams are an excellent approach where each area of responsibility is a lane on the chart and as work progresses, you describe who does what and when (swimlanes are horizontal, timeline along the bottom, each lane is a business process).
- It can be very helpful to begin to integrate the thinking of where value is added and where cost is incurred. (this leads to the Value Stream Map later)
- For each step, thoroughly capture all inputs and outputs and from/to whom they go.
- Look for process steps that have only inputs - these are people or steps that add NO VALUE

The approach we selected to solve this problem was a **Kaizen Event**. This meant getting everyone into a single room and hashing out what our problem was and what we were going to do about it - **Common Ground**. The Process Maps were very helpful in guiding the discussion.

We used a number of brainstorming tools (esp. Fishbone diagrams) to flush out the key problem areas. Once we'd settled on the two or three key issues to resolve, we banged out a plan to tackle these in short order. The goal was to improve QUALITY and to do so in less TIME than we'd been taking till now.

Part of establishing "common ground" is establishing your "**entitlement**". This can be done by turning to an exemplar performance elsewhere and developing a picture of what the possibility for improvement could look like for your business. I.E. "What are we *entitled* to expect from ourselves and how far short of that are we landing?" This is an excellent way to galvanize people to take action to improve.

With a clear picture of what they should expect from themselves, and a new-found shared commitment to work across the groups towards a common goal, we had merely to work on the calendar to give everyone the time they needed to do their part. We found that one trivial thing was causing everyone problems and that was the final step, the Business Review. It was scheduled for the last Thursday of each month, irrespective of which working day that

represented. This meant that the first three steps were having a significantly different amount of time month to month to complete their part.

We gained agreement that we would shift the Business Review to the 18th working day of the month. As a result, we now had assurance that every month would have 17 working days to get this all done. We divided up the days according to need and each team was now able to finish what they needed to do, do it well and feel good about what they passed to their colleagues. No more half-efforts due to lack of time, no more gaping holes in the data, no more hard feelings towards the upstream step's team.

The resulting improvement was pretty much immediate. One person commented "You don't hear the phrased 'My S&OP weekend' anymore!"

It is worth summarizing what was done in the Kaizen:

1. Interview the participants prior to the Kaizen, learn the process from how they experience it - do this quickly but thoroughly - people must know they were heard and listened to
2. Develop a process map - end to end - test it with the participants beforehand
3. Find pain points, lost time, lost opportunity, waste and cost - create the Value Stream Map
4. Use tools, like fishbone diagrams, to process the opportunity list and to generate focus on the top opportunities to improve
5. With all stakeholders in the room, finalize the improvement ideas in a way that people can commit together to make the change and make it work. This included representation from Senior Mgmt.
6. With that consensus and the idea developed completely, sell it up the line. Having members of senior mgmt in the room makes it easy to give those people that job!

**If this sounds like something that would help your business, contact us at  
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