

# Strategic Deployment of the CE Way

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## About our client

CMS Energy, a Fortune 500 energy company, is headquartered in Jackson, Michigan, where Consumers Energy was founded in 1886.

The principal subsidiary of CMS Energy is Consumers Energy – Michigan's largest utility and one of the nation's largest combination utilities. It provides electric and/or natural gas service to about 6.7 million of Michigan's 10 million residents in all 68 Lower Peninsula counties.

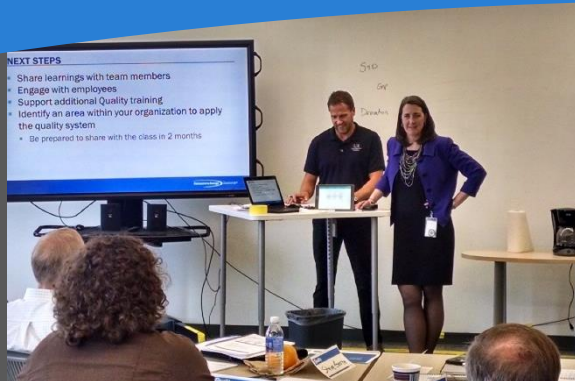
The utility employs more than 8,500 men and women in Michigan and a total of 15,000 people between employees and contractors.



**Patti Poppe**

President & CEO

CMS Energy and Consumers Energy



In 2016, several energy industry challenges required CMS to evolve its way of doing business to continue delivering their purpose of "World Class Performance Delivering Hometown Service". In other words, it required a culture shift in how they operated.

Some of the challenges they faced included changing customer expectations (behaviors and innovations), a shifting energy landscape (evolving regulatory model and system demands) and fierce technological advancements across the industry.

CMS' vision to overcome these challenges included the introduction and deployment of their lean operating system, the CE Way, with a major focus on developing internal capabilities to enable process optimization, efficiency improvements and elimination of waste. LBS joined the CMS team on a long-term commitment to guide and support the implementation.

The rollout approach included developing a robust long-term strategy with several phases of development. "The first phase focused on leading the Senior Team on a 'Lean Learning Journey'. This included not only coaching, but also 'Go and Sees' of Lean systems at benchmark organizations across several industries" says Patti. They had the opportunity to see how different market leaders in manufacturing, e-commerce and aerospace industries operate, which provided the Senior Team the opportunity to understand Lean in a more tangible way.

With the Senior Team on board, we moved into the second phase of the project, developing and delivering CE Way

training to executive level leadership (officers and directors), followed by managers and supervisors.

With training underway, the focus began to transition to the third phase, the deployment of 4 Basic Plays (Visual Management, Operating Reviews, Standard Work and Problem Solving), which resulted in elimination of waste for CMS.

"LBS was a critical partner on the rollout of the CE Way, providing guidance and feedback during planning stages and then leading teaching/coaching discussions for the Senior Team learning journey. They also supported the development and delivery of the CE Way training and early deployment/application of the 4 Basic Plays. The coaches used their personal experiences and lean expertise to bolster the vision and credibility of the CE Way and to help others 'see and believe' in the possibilities of a lean operating system," adds Patti.

The highly structured plan and strong commitment from Leadership has paid off. Today, CMS is in their 4<sup>th</sup> year of implementation and has achieved impressive results:

- 317,000 hours of human struggle reduced
- \$27.6M in O&M savings
- \$16M in Capital savings

They became a Continuous Improvement organization with currently 16 high waste elimination projects undergoing and 1,000+ crowd-sourced waste elimination projects underway. "We couldn't be happier; we are right where we're supposed to be - our organization is self-leading lean implementation and applying the concepts of the 4 Basic Plays on a regular basis" says Patti.

In 2020, LBS will continue supporting CMS' Lean journey, focusing exclusively on sustainment.

