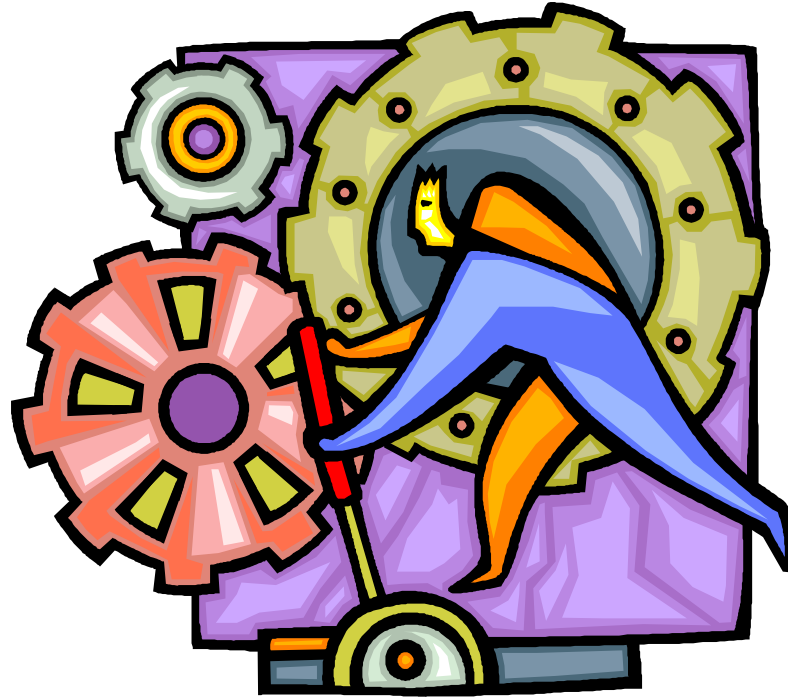


Lean Six Sigma



Presentation to The American Society of Military Comptrollers

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Training mandate

Why are we implementing Lean Six Sigma (LSS)

- SECNAV Memo, Subject: *Transformation Through Lean Six Sigma*, dated 3 May, 2006, identifies need to improve:
 - Financial stewardship
 - Work process effectiveness through greater efficiency.
 - LSS identified as tool for improving DoN & USMC operations
- SECNAV metric - 25% of all Generals, Colonels & GS-15's to attend 2-day overview training in CY06. 100% participation by CY08.
- Official HQMC guidance awaiting ACMC signature. Authority to proceed with training given verbally by ACMC

“The mission is clear: creation of more readiness and assets within our budget through LSS. I expect that you, my Leadership team, will personally support this initiative by injecting it into our performance objectives.”
Secretary of the Navy, Donald C. Winter

What is Lean Six Sigma?

- Lean Six Sigma is a quality improvement methodology combining two important approaches:
 - Improving work quality (Six Sigma)
 - Improving work throughput or speed (Lean)
- 4 keys to Lean Six Sigma:
 - Delight your customers with speed and quality
 - Improve your work processes
 - Work together for maximum gain
 - Base decisions on data and facts

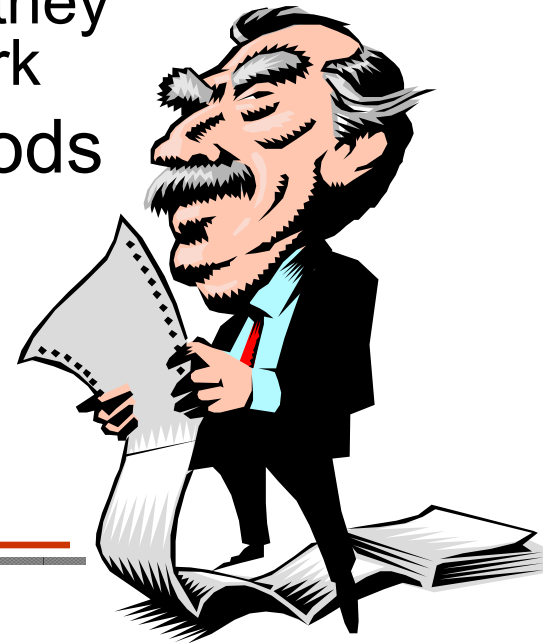
Rule 1: If you can't measure it, you can't improve it

1. Key - Delight your customer with speed and quality

- Goal: Eliminate defects (things that don't meet customer needs)
 - Define customers: internal & external
 - Links between quality, speed, & low cost
 - LSS states you cannot achieve one goal without doing all at the same time
 - Process that experiences lots of errors cannot maintain speed. **(High quality makes it possible to attain fast speed)**
 - Slow process is prone to errors (low quality.) How much time does an item spend *waiting to be worked on*? Materials can become outdated or damaged, information can become outdated. **(Must eliminate delays to achieve high quality)**
 - Low quality and slow speed are what make processes, services, or products more expensive. **(Improve quality and speed)**
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2. Key - Improve your processes

- What does it take?
 - Documenting how work gets done (ID steps that comprise the process)
 - Examine flow of work between people or workstations
 - Give people knowledge & methods they need to constantly improve their work
- Most process improvement methods serve one of two purposes:
 - To eliminate variation in quality or speed (major source of defects)
 - To improve process flow and speed



Eliminate variation

- “Sigma” = amount of variation seen in a process, set of data, or anything that can be measured
- “Variation” = difference between process performance and what customers want. Greater variance typically = greater customer unhappiness



3. Key - Work together for maximum gain

- Employees need to be trained in effective collaboration skills: listening, brainstorming & discussion, organizing, decision-making
- Employees need effective team skills: goal setting, assigning accountability, handling conflict, paying attention to how decisions are made, ensuring effective meetings, continuous learning, collaboration with other groups



4. Key - Base decisions on data and facts

- Data makes large difference in daily decisions on job. Very important to improvement projects. Roadblocks:
 - Lack of data: how well does process work now, how long does it take to handle phone calls, requests, reports, work orders, etc.? What is average error rate? How many of our customers are happy?
 - Little training in collecting & analyzing data
 - Historical pattern of using data only to punish or reward individuals, not make decisions about improvements
 - Lean Six organizations use data for learning & monitoring process performance
 - Measures fall into 2 categories:
 - Result measures: reflect outcome of processes (lagging)
 - Process measures: reflect what goes on to produce result (leading)
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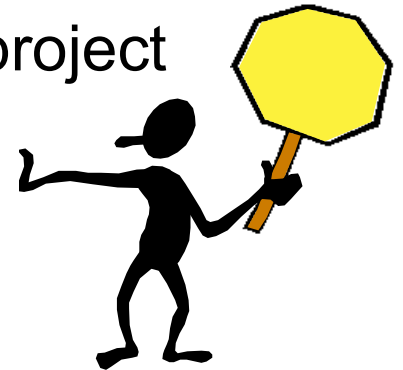
LSS training levels

- **Executive overview:** Two day awareness course. Goal: to familiarize leaders with LSS language & concepts. (Project participation *not* a requirement)
 - **Green Belt:** One week training course. Introductory methods & tools. Lead simpler projects of short duration. (Participants required to *lead* successful projects for certification.)
 - **Black Belt:** Core LSS effort. Lead complex, full-scale projects of long-term duration. Serve as coaches & resources for multiple, simultaneous projects (BPO)
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Linking LSS to organizational priorities

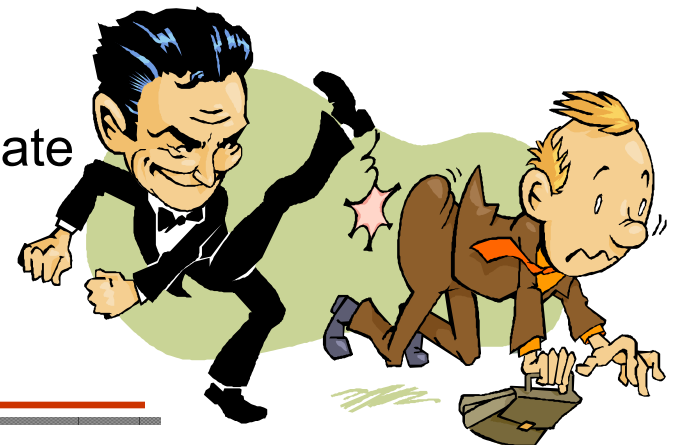
To achieve desired results:

- Develop a system for project selection
 - Problem isn't picking ideas, but picking the best ones
 - Best = biggest payoff with resources available
- Institute a “tollgate” system for regular project evaluation
 - Update management on team's progress
 - Ensure project is still critical to organization
 - Adjust or re-align project as necessary
 - Let leadership know what they can do to remove barriers for the team



How leaders can support LSS

- Pick the right projects:
 - Linked to organizational strategies & priorities (i.e. improve support to operating forces)
 - Realistic in scope
 - Identifiable and measurable hard results
- Pick the right people
- Follow the method
 - Always ask to see the data when employees present an idea or suggestion
 - Work with Black Belts to “make waste visible” in work areas, i.e. simple data charts posted can keep people focused on improvement efforts
 - Fully participate in team reviews
- Clearly define roles and responsibilities
- Communicate, communicate, communicate
- Support education and training:
 - Educate themselves
 - Support staff education



Proposed way ahead

- Provide Executive Overview training for MCB Butler leadership team (1 - 4 May 07)
 - Provide initial Green Belt training (11 – 15 June 07)
Focus on Lean process improvements (Quick, demonstrate early value)
 - Provide second wave of Green Belt training (Sep – Oct 07) Focus on Lean process improvements (Quick, demonstrate value)
 - Certify 4 Black Belt facilitators for MCB Butler (Jul – Nov 07) Build depth, gather historical data, gain experience, identify Six Sigma candidate projects & have sufficient knowledge to execute effectively
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Follow-on



- BPO to continue work with Depts
 - Flowchart key processes
 - Survey customers
 - Establish measures that add value to work efforts, increase mgt visibility, & improve decision-making
 - ID strategic improvement initiatives
 - Deploy just-in-time Green Belt training in functional areas to improve operations (FY07 – Indef.)
 - Gather trend data to identify potential Black Belt initiatives (FY07 – Indef.)
 - Deploy just-in-time Black Belt training in functional areas to improve operations (FY07 – Indef.)
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Questions

