

Operation Excellence

September 26, 2012



The way that we have been taught to think is our constraint!

I would classify the folks that are on the distribution of this newsletter as being successful in their endeavors and careers. I would also submit that if we were to explore each of our childhoods... we would see a pretty traditional upbringing that included parents and teachers that challenged us individually, "to be the best that you can be ... that is how you will get ahead and succeed...". Most of my readers have a pretty strong correlation to this cause and effect of where they got to today! Yes, you may have had some luck along the way... but the current political banner of, "you didn't build that" probably doesn't sit well with most of the several hundred folks that directly receive this newsletter. Most readers of this tome, are successful due in large part to their hard work, some luck, AND the contribution of others.

I AM NOT GETTING POLITICAL HERE.... Hang with me for a moment. This pattern is sociological and goes back about 10,000 years. Based on what I've read, about 10,000 years ago, our ancestors, started to convert from hunters to loosely formed groups and tribes. About 8,000 years ago, cattle were domesticated, and about 6,000 years ago our ancestors learned to till the earth with a stick and start to raise crops.

In the vast majority of our history, and the development of our values and the resultant culture that has occurred, literally during hundreds of generations, one truth prevailed:

The more you do, the more you have.

Life has ups and downs and wars and setbacks have happened, but largely, the individual was a single producing unit and our work was not organized as teams, but rather as individuals or small family groups. For thousands of years, like the cobbler and the apprentice, the more shoes that you individually produced the better off your lot in life. The more acres a farmer cultivated, the larger the result. Local optima were synonymous with the optima for the typical production system. As family units, and as a society, we continue to stress that to our own children today. It is a timeless progression... and rigidly formed in our core beliefs.

Now, you are probably thinking, where is Jim going with this?

A major change: Process Oriented Work Organization

Just over a hundred years ago, society began a major transformation in the way our work was organized. The Industrial Age created/caused much of our work to become "process" oriented. If you take the most basic definition of the word "process"... it is defined as: "a series of interdependent steps to produce a product or a

service.” The key point is that many of our companies are now organized around highly developed “processes” WITH DEPENDENCIES. No longer is the individual cobbler making the last for the shoe, cutting the leather into individual pieces, assembling the pieces onto the last, stitching, gluing, and then finishing the product, and also selling the product to the end consumer (and purchasing the raw materials, paying the bills, complying with the required regulatory requirements, submitting the tax returns for the enterprise, and maintaining the facility and the required tools.) For many of us, our work organization has become more process oriented with very sophisticated INTERDEPENDENCIES. (I’ll remind you that there is always an exception... one reader, that resides and works in Naples, FL... has a very successful one person, craftsman oriented business, and HE DOES IT ALL!)

In just the last 100 or so years of our existence as a society, our work has largely converted from a “craftsman form of organization” to a “process form of organization”. Our change to a process organization of work (with dependencies) makes the culture and rules that were developed over the previous 10,000 years no longer valid for the current work environment. In our work communities, we need to develop a greater understanding of the management of “processes and systems organizations” in order to achieve true continuous improvement.

Can 100 years of new and developing reality overcome 10,000 years of thinking?

Last week, on one of the blogs that I follow, a comment was posted: “It is very rare where an individual can develop a true understanding of systems’ optimization before the age of 30 ... they have to overcome all of the societal indoctrination about optimizing each step of the process before they can realize that to reduce all waste (in a system) may be a waste.” I would challenge the appropriateness of the implied fastness of, “before the age of 30” ... but as some folks don’t ever get it, I respect that a transformation in one’s thinking has to occur. I make no pretence to hide the influence of Theory of Constraints on my own thinking... but I frequently also consider the old syndicated TV show... Weakest Link. In the contest, for each round, the loser was dismissed with the comment, “**You** are the weakest link! Goodbye.”

Whether it is by the age of 30 (or 45, or 60)... I believe the difficulty in better understanding the management of processes and systems is that, as a society, “we haven’t been taught to think that way.” Rather than apply our improvement efforts on the “weakest link”, we strive to improve each individual step of the process. As, by definition, in any system we have a finite amount of resources/capital to invest/engineering talents/ whatever; that can be dedicated to the process of ongoing improvement, if we don’t manage these resources and apply them to the constraint or the weakest link we are wasting these precious efforts.

I had a comment made to me recently at a client that I was helping, “...you really opened our eyes on our lean efforts... we haven’t been directing these efforts at the right problems.” Based on a 3 week study, the order of magnitude of improvement that is possible at this firm is:

The amount of profit that is currently being generated in a week can potentially be generated in a day.

The key obstacle to this firm achieving this potential is a change in the way that they are viewing and managing their system, specifically their entire supply chain.

Another current client is struggling with a paradigm of how much they are paying key employees per hour (professionals that are not full time). The client's challenge is to recognize the "Thruput" per hour that can be generated if they convert to more full time employees at a higher rate. Professional employees that are incentivized to generate more paid hours present an opportunity to triple the company's profits.

If you are having concerns about your organization's current results, or your intuition is causing you to have thoughts about your organization's potential results, please give us a call. We can help you with the process.

"Profound knowledge must come from outside the system – and it must be invited in."

--W. Edwards Deming

All the best!

Jim Covington

Mavis Benkovich of Benkovich and Associates has recently added a page on our website that has all of our past newsletters. Please find them at www.jpcovington.com on the "Newsletters" page.