ORGANIZATION OVERVIEW

The client is a large multi-national manufacturer of components for electronic and electrical products, with more than 50 plants world-wide and another 20 sales and distributions locations. It is organized into four divisions, each focused on specific market segments. Price competition is strong, but key customers also expect reliable on-time delivery and quick response for new product development.

EXECUTIVE LEADERSHIP

The Executive Leadership Team determined that in order to maintain and strengthen its position among the leaders in its market segments and to deliver increasing value to its shareholders, it would need to reduce costs significantly while improving customer responsiveness and loyalty. A review of the options available to it led to an agreement and commitment by the Executive Leadership team to transform the policies, processes, and people of the enterprise consistent with the principles of Quality Leadership, using the methods of Lean and Six Sigma.

A FALSE START

A series of personal connections resulted in the company inviting a widely-known consulting firm to assist them in their implementation. The focus of the implementation was heavy on theory and statistics and not well-integrated into the business plans. The roll-out was inconsistent and the results disappointing. Fortunately, the leadership recognized that Lean and Six Sigma should be delivering better results and that the problem was with the implementation, not the principles.

The Enterprise Quality Department led a rapid and intense effort to review available alternative sources for the support that they knew they needed. Juran was invited to provide that support beginning with the second year of implementation.

A FRESH START

The re-start began with an assessment of the organization’s current status and results achieved to date. This assessment was the basis for a detailed roadmap built on the Juran Roadmap for Transformation:

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Although the organization had been on their transformation journey for over a year, the assessment and detailed planning revealed that a number of key issues had not been adequately addressed.

Since the Executive Leadership Team had originally made the decision to move ahead, they came to realize that the Decide Phase requirement for a clear long-term plan of both goals and infrastructure development had not been adequately met. Executives throughout the company participated in Executive Leadership workshops facilitated by Juran to complete and strengthen this planning. The previous plans for a four-wave global roll-out were modified to enhance the infrastructure skills to be provided to each of the key sites. A strategic focus called for 70% of improvement efforts to be directed to improving customer loyalty and responsiveness and 30% directed toward cost reduction.

PREPARE PHASE

The Prepare Phase was, of course, nominally completed by the time Juran arrived, but the assessment revealed that the ties of middle and upper managers to the launch were entirely too weak. These managers needed practical training in their personal specific tasks for ensuring the effective selection, launch, support, and follow-through for the many projects that were needed to create the desired transformation. It was also determined that project selection had previously been too informal and that most projects were not strategically important. As part of the Champion training, managers learned and applied skills for identifying and prioritizing projects based on the strategic “Focal Points” that were the key elements of the enterprise’s strategic plan.

To support the management Champions in their new roles, the enterprise sponsored a comprehensive opportunity assessment at each site that identified the most critical and useful problems to be addressed by projects. These opportunity assessments included identification of major costs of poor quality, critical customer quality and delivery issue notices, customer defections, long lead times, excessive inventories, and quality-as-produced issues. Juran conducted these assessments for each site and trained company staff to continue them on an ongoing basis.

Because of the size, diversity, and geographic dispersion, it was determined that each major plant and sales/distribution office should have a Site Deployment Leader. This individual would provide full time support to local top management in developing and executing their plans for improvement. He or she would also have direct access to the central office and Juran resources so that they could draw on them in real time to implement their improvement plans.

SECOND LAUNCH PHASE

Without totally discarding the earlier work, the company went through a second Launch Phase that expanded work to a second wave of plants and did some remedial work in the first wave sites to fill some of the gaps in the first implementation effort. These wave-one sites were integrated seamlessly into the ongoing program. Part of the re-launch included a highly structured and rigorous tracking of all projects globally. Tracking insured that (1) all projects
were properly identified and chartered, (2) that the goals for the projects were consistent with enterprise strategy as described above, (3) all projects were properly staffed with appropriate and trained individuals, and (4) that projects were completed timely with documented and realized results that became part of the permanent financial and budgeting process. The second-year of implementation realized more than $50 million in financial improvements for the company.

CONTINUING SUCCESS

The Expand Phase has continued into the fourth wave of implementation and by now the entire effort has been integrated into the business planning and operations such that the Sustain Phase is well underway with deeper integration of the goals, skills, process improvements, and measurements needed to assure continued and growing success. They have built strong skill sets in their executives, managers, and team leaders. Master Black Belts, Black Belts, and Green Belts have received the rigorous training and have been certified to exacting standards that require demonstrated results as well as mastery of the subject matter.

As an illustration of the depth of their sustaining activity, when the 2008-2009 global recession hit, this company was affected like all firms in its industry with sharply falling demand. Naturally, they had to reduce their staffing and expenditures to keep them consistent with demand. But, unlike so many companies, they realized that their Lean and Six Sigma efforts were not “extras” to be dropped in hard economic times. They continued vigorous deployment and project execution throughout the time period and reaped many times the investment in improved financial performance. They returned to profitability before many others in their industry. No initiatives can insulate a company from large economic changes, but organizations like this one can minimize the adverse impacts on both the volume and profitability of their business by assuring that their processes have minimum waste and delay, their goods and service are of the highest quality, and customers are loyal.

As the company has expanded and sustained its efforts, all aspects of the way business is conducted have benefited from the disciplined Lean and Six Sigma methods from Juran. They have used them to develop and implement improved pricing discipline. Many improvements have been made in Sales and Marketing processes. Even the Internal Audit function has greatly expanded its capacity to deliver operational audits without any increase in staffing. Six Sigma analytics have been applied to financial planning and analysis to deliver more useful and actionable information to executive leadership for making both tactical and strategic decisions.

Lessons Learned: Some of the enterprise-wide lessons learned from this Lean and Six Sigma implementation include:
1. Continue to assess the progress of implementation. Demand and expect results.
2. Do not be afraid to make mid-course corrections.
3. Upper management’s promotion and support are critical, but they also must fully understand and execute their personal non-delegable tasks that deliver results, not just verbal support.
4. Provide enough resources, including time, to get results. Stunning results are possible, but they need the skills and time to achieve them.

INDUSTRY
Manufacturing

COMPANY
Multi-National Manufacturer of Components for Electronic and Electrical Products

RESULTS
$50+ million in financial improvements

TOOLS USED
Juran Management System

TIMELINE
1+ years

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5. Assure the development of strong performance-excellence skills among executives, managers, team leaders, and implementation leaders. Require rigorous training and certification to assure success.
6. Manage the deployment initiative aggressively with goals, tracking, reporting and support.
7. Develop plans and projects based on objective, data-driven assessments of the organizational performance.
8. Use these assessments to assure a continuing pipeline of projects with strategic focus and impact.
9. Have the vision to deploy the Lean and Six Sigma methods into all aspects of the business – not just the “obvious” ones.

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