Can You Afford Not To Improve in 2009?

By Michael Weekes at Whataboutquality

Times are tough! Sales are down around the globe and it's getting more and more difficult to make a buck in the electronics industry. We all now have our cell phones and our big HD TV Screen at home so little of our materialistic world is unsatisfied. So how do we keep the doors open in 2009, let alone assure our future in the 21st Century?

Since income is a function of sales and expenses, and sales are down, that only leaves cost reduction as our option. We can reduce headcount reduction but that doesn't really change our underlying ability to deliver value. In fact, with lay-offs we loose so much of that seasoned veteran talent we depended on in the first place to stay competitive.

So how do we cut costs and still deliver value? There are a few key steps any organization can take to find opportunities to regain profit.

Review Your Strategic Direction

Most firms grow from a mom-and-pop garage shop scale of operation and grow over the years into the multimillion dollar enterprises of the 1990s. But along the way, they wee kept busy by just fighting the daily fires associated with on-time delivery.

They started out by solving one problem for one customer, so their mission was simple. Now things are more complex.

Strategic direction is that set of measurable objectives we have planned as a result of our mission, vision and values. Maybe it's time to review our mission. Maybe we're trying to do everything for everyone and satisfying only some. A review of your strategic objectives sets the whole foundation for your operation.

Figure out what the three most important objectives you have to accomplish this quarter, execute that plan and review it three months from now. Adjust your game plan for what happened as opposed to what you planned and assess whether a change in direction is required.

By bring in the scope of what you hope to accomplish to this shorter timeline, you'll see what works and what doesn't and where you're really making money and where you're bleeding.

Your strategy guides your entire operation. If that's not firm in everyone's mind, your firm will be like a ship without a rudder.

Another approach is to **map out how you do the work you do now.** This is known as your current state. Whether you use pencil and paper, MS Visio or one of the more sophisticated process analysis tools out there, you need to see all the activities which make up your key processes.

This will surprisingly, in days not weeks or months start to reveal where your bottlenecks, inventories, excessive transportation of material or other non-value-added work is. This is the work you do, that your customer doesn't pay you for.

The root causes of these wasteful activities usually take less effort identify than you'd think. It's usually traced back to a training, documentation, equipment capability or measures or metrics issue. The cause – effect or fishbone diagram is a good tool to find these causes.

A third step to take to improve is to measure. **You can't improve what you don't measure**. Look at all the ton of data you have about your key processes and look at things like how long it takes for your product or service to flow through your operation. Why does it take seven days for an assembly to go from start to finish when there's only 2.5 hours of work content to it?

I worked for one contract assembler who found that their product quality, first pass yield, stalled out at 92%. When we reorganized the way we looked at defects from a defects-per-million-opportunity (DPMO) metric as opposed to yield, we began to see the causes of the defects. Then we could put things in place to keep them from happening and slowly, over a few weeks, yield began to grow from 92% to 95% and then 97%. The indicator, yield, was getting confused with the measure or metric, DPMO. IPC has a very easy-to-use guide on this.

Another action to restore profit is to simply **clean up you act**. I hate to use the dreaded 5S term, but it really works. Take a look at where the work is happening and ask yourself, "How much of this stuff is really essential to do the work?" We usually only need about 20% of the things we have around us to do the work. Once you get rid of the non-essentials, find a good place for everything. You'll have more room now that you got rid of the clutter. Keep it clean, even when there's no audit. Warning: don't get rid of everything that's personal. We spend all day at work, so allow some remnant of our humanity.

Cutting down on meetings, especially if they don't have an agenda is not a bad idea either. Meetings are places where the ineffective live. They discourage us from being "out there, on the floor" where the work is done, the value is added and the opportunities lie.

Try tying making improvement personal. **Add improvement objectives to employee performance management goals**. If performance management is a foreign term to you, invest in some kind of systematic approach to setting goals, turning them into objectives, aligning them with those key objectives and communicate. Don't leave review of performance to an annual, awkward event. Check in and give people the tools they need to make improvements and keep them sustained.

Finally, **break down barriers by involving cross-functional teams** in efforts to map out the key processes. Products and information move from one department to the other as the product or service goes from idea, development, execution, delivery and support.

You should know what your sales guys are promising to customers and they should know what you're capable of delivering. By building work flow models that show the series of activities that comprise the work you do, you can reveal the mutual interest that ALL departments have in delivering value.

If one team fails to deliver one key thing to another ALL departments pay a price. This holistic, joint view of success or failure is perhaps the most important factor in your organization's success.

Hopefully this handful of ideas will give you and your team some options on how to become a little leaner, a little more effective in 2009, and survive these challenging times.

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