



Managing Performance. Leading People. Getting Results.

Dynamics

THE DORSEY GROUP NEWSLETTER

July 2012

Operational Excellence ... Striving for World Class Error Free Operations Translates into BIG \$\$\$

What defines Operational Excellence? It is the search for and elimination of waste in any organization while devoting attention to things that add value to that organization and its customers. It strives to eliminate the non-value added thereby enabling organizations to a) increase profits or b) reduce cost to customer – or both – making them more competitive. Operational Excellence does not accept mediocrity but strives for world class error free operations.

Three components are involved in the Operational Excellence Strategy: 1) **Value added activities** – things your customer is willing to pay for, 2) **Non-value added activities** – things you must do because something does not go as planned (Cost of Poor Quality – COPQ), and 3) **Profit** – benefit to organization. We start by identifying the high impact areas for COPQ, recognizing that we cannot recover the waste we do not see; and while COPQ might not be blatantly apparent on a daily basis, it does cost us money.

COPQ can be broken down into four key areas: labor, materials, equipment and communications.

High Impact Areas for 'Cost of Poor Quality' (COPQ)

Labor	Materials	Equipment	Communications
Poor Planning	Scrap	Utilization	Mis-Alignment
Staffing Issues	Warranty	Throughput	Poor Expectations
Overtime	Excess	Downtime	Weak Metrics
Scheduling	WIP	Changeovers	Complaints
Turnover	Inspection	Waste	Billing Issues
Cross Training	Expediting	Rework	Documentation
Errors	Outages	Flows	Processes

As an example, let's say that an organization's sales revenue is \$50,000,000; expenses are 85% (\$42,500,000) and profits are 15% (\$7,500,000). Typically, COPQ waste is estimated at 20% of expenses (\$8,500,000) and 30% can be recovered (\$2,550,000).

The Dorsey Group's Operational Excellence Strategy enables us to review the high impact areas within your organization, identify problem areas, implement solutions, and create a COPQ Recovery Opportunity for a greater return on investment.

Message from Tim Dorsey

Review: 2012
IndustryWeek
Conference



We hope that you enjoyed the 2012 IndustryWeek Conference in April. We certainly did and learned quite a bit during the three day event. As we focused on individual issues concerning those we had the opportunity to meet, we found that sustainability frequently came up as a common struggle.

And, while there are many approaches to operational excellence, it is sustainability through employee engagement that will keep you achieving your goals for years. The best tools and processes do not deliver world class results without motivated, engaged people.

As a leading global performance company, The Dorsey Group exists to help you achieve your goals. We get results for clients by teaching them to align processes with strategies, develop people, analyze performance and make lasting operational improvements. It's the people who work the tools and processes that create successful results. Our main focus is your people.

-Tim Dorsey



View our short video on Performance Improvement Efforts ...

"Actively Engaging 100% of your Employees on a Daily Basis".
www.TheDorseyGroup.org

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- Answer our poll question and enter to win a \$50 AMEX card
- What team members are saying about The Dorsey Group's innovative methodology
- "Lean is about people, not tools" ... excerpt from Industry Week Online
- Our Clients -- prestigious and successful companies achieving significant results.
- The Results are In! ... implementing & sustaining change is the most difficult ...

"Lean is About People, Not Tools"

"Lean isn't just a set of tools for process improvement because tools alone aren't enough. It is a complete perspective on manufacturing philosophy. In order to be successful, we must trust people within the plant to solve their problems regardless of how the problem was initially defined."

- Jason Piatt, President, Praestar Technology Corp., in an Industry Week online article (Lean is About People, Not Tools, June 5, 2012).

http://www.industryweek.com/articles/lean_is_about_people_not_tools_27495.aspx?cid=NLIWCI

What Team Members are saying about The Dorsey Group's Innovative Methodology

"Tools sit there – waiting until someone with the skill, knowledge and motivation puts them to use."

"I like being asked what frustrates me with our processes, it gives me hope that we can and will improve to stay competitive."

"Tools are great and informative, but change only happens if we do something with the information provided by the tools."

"Personal accountability and ownership are the keys to success, anyone can learn the tools."

The Results are In! *

What does your organization struggle with the most?

- a. Strategic Alignment (28%)
- b. Organizational Development (14%)
- c. Organizational Analysis (14%)
- d. Implementing for Results (44%)

*Our results from the April 2012 poll question reaffirms that **implementing and sustaining change is the most difficult aspect of continuous improvement!**

Meet Hank Messemer

Hank Messemer, a partner consultant with The Dorsey Group, is a performance improvement specialist with 25+plus years of experience in analysis and project management. As an Industrial Engineer with his BS from the University of Tennessee, he brings a wealth of knowledge and a distinct road-to-success approach to The Dorsey Group.



*Hank Messemer, Partner
Consultant with The Dorsey Group*

Hank is a change agent in quality management with a focus on tactical implementation and problem solving. He has experience with leading corporations in the power generation, telecommunications, food manufacturing, biotechnology, distribution, information technology and entertainment industries. This diverse background allows Hank to understand and effectively work well with a range of industries and process applications.

Hank is well-versed in process improvement, strategic planning, project management and Lean Six Sigma. He has a proven success rate and has been instrumental in leading change initiatives.

An avid boater and love of fishing keeps Hank on the water when he's not working. He also enjoys hunting and riding his motorcycle

Answer our Poll Question! Enter to Win a \$50 American Express Gift Card

Visit us at www.TheDorseyGroup.org today, give us your answer and enter to win!

"While there are many approaches to operational excellence, it is sustainability through employee engagement that will keep you achieving your goals for years."

What do you believe has the most significant impact on results and sustainability?

- a. Leadership
- b. Education and Training
- c. Engagement and Participation
- d. Process and Metrics

Our Clients

We have been privileged to work with prestigious and successful companies – large and small, public and private as well as government – in a variety of industries. Although each is unique with diverse performance issues and needs, our approach has led each client to achieve significant results.

Visit our website to view our impressive list of clients and methodology that guarantees results.

Are you ready to take your company to the next level?



THE DORSEY GROUP