

Synchronous Solutions

The continuous pursuit of excellence

Continuous Improvement

Continuous means it never ends. It means *forever*. It means “there is no finish line.”

Improvement means an advance in performance. It means striving for excellence. It means that measurable Key Performance Indicators (KPI) are getting better.

To continually improve business performance should be the objective of every manager and every owner. Certainly, business leaders have daily duties to perform, but overall, their objective in life should be to achieve continuous improvement. Forever.

The classic roles of business managers include:

- **Planning.** Establishing performance goals and preparing a written method to achieve them.
- **Organizing.** Forming a coordinated system of interdependent elements necessary to meet performance goals.
- **Staffing.** Hiring and training a group of employees with the necessary skills to complete the work of the company toward company goals.
- **Directing.** To guide through instruction, advice, regulation, and order toward achieving company goals.
- **Controlling.** To exercise restraint and to assure accountability over the activities of the staff toward achieving company goals.
- **Follow-up.** Taking action to increase the effectiveness of a previous decision or assignment relative to company goals.

Those are the generic duties of a manager. Every job description should follow those guidelines. Notice how much they are focused on establishing and achieving company goals.

Goals should be SMART

Use this simple process like this to set the standards for good company goals. They should be:

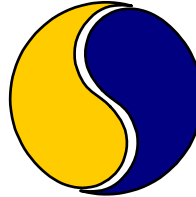
- **Specific.** Including a detailed description of what you want to accomplish.
- **Measurable.** Quantifiable so that you can track progress and so that you can know when you have achieved success.
- **Attainable.** Meaning that the specific objectives are realistic and possible to accomplish.
- **Relevant.** Meaning that goals are in alignment with the company's mission and vision.
- **Time-bound.** Meaning that there is a time limit for completion of each objective.

Goals must be clear, understood by all and published. Goals that are not written down and shared with everyone can become only a wish list. Ask any football coach about that and they will confirm it.

“If you can't measure it you can't manage it”

Having set goals, you should now have a clear description of “where you want to go.” At that point you need to know exactly where you currently are relative to each of those goals. You need to document the base line for your current status on each of the goals and the specific objectives with them.

Lasting improvement requires systemic change



If you are not satisfied with your current performance results, you must make systemic changes within your system. Your existing system is designed to give you the results you are currently getting. If you want different results, you must make systemic changes in your business processes.

Systemic changes is about how your business operates. Just “reading the riot act” to your employees may generate slight improvements, but that will not last. Lasting improvements require changes to your system.

If you always do what you've always done, you'll always get what you've always got

Continuous improvement means being focused on the right priorities it's not just working on the squeaky wheel. *What to change* must be based on data, not opinion. Every business system has a constraint and you will need to know where yours is or, more importantly, where you want it to be. A business, like the links of a chain, are only as strong as the weakest link. Working on a process that is not your systems constraint will not improve your system.

Imagine a football game without a scoreboard. The correct strategies and tactics require knowing the score every day.

Goal Tracking

Goal tracking has to do with daily reporting of the performance status toward your goals. We advocate using a financial metric called Throughput (\$T) which is the *measure of value added*. \$T is the difference between the price your customers pay for the finished product and your investment in raw materials for that product. You can set a goal at the beginning of a month for an amount of \$T to be earned, then track it every day to know the status to that goal. The following is a daily report showing that performance status.

Sample Company

THROUGHPUT TRACKING

June 2020

Today is: June 19, 2020

PRODUCTIVITY SCORE GOAL **1.31**

OPERATING EXPENSE **\$395,000** (Monthly estimate)

22 days this month

\$17,955 per day

Solid Surface \$T Goal **\$2,500**

Hard Surface \$T Goal **\$21,000**

Total Throughput Goal **\$23,500**

Sample Company

THROUGHPUT TRACKING

Week of: June 15, 2020

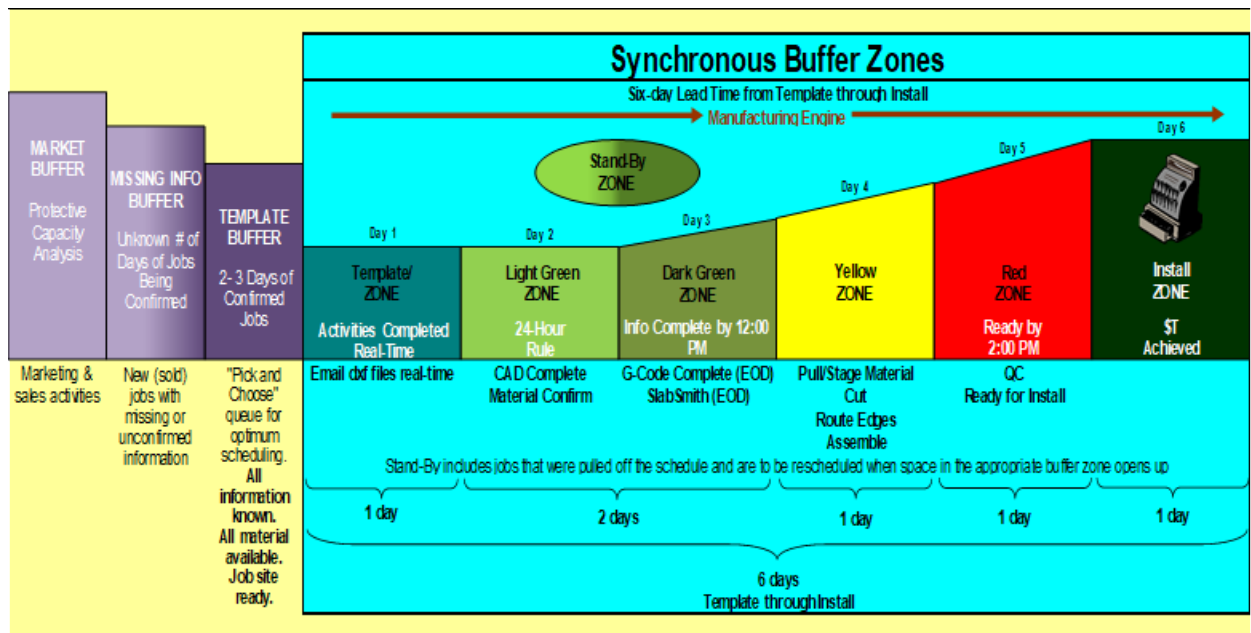
	Mon 6/15	Tues 6/16	Wed 6/17	Thu 6/18	Fri 6/19	WTD	MTD	
Solid Surface \$T Goal	Week 3 Goal: \$2,500 per day							
\$T	2,497	2,438	2,477	2,567	2,655	12,634	38,341	
Hard Surface \$T Goal	Week 3 Goal: \$21,000 per day							
\$T	24,018	21,087	23,240	23,287	23,455	115,088	311,314	
						Total WTD	Total MTD	Total to Goal
Company Total T Earned	26,515	23,525	25,717	25,854	26,110	127,722	355,767	2,845
Company Productivity Score	1.48	1.31	1.43	1.44	1.45	1.42	1.32	

The “Company Productivity Score” is the financial performance reduced to a single number, which can be shared with everyone in the company. In this example, the Goal is a score of 1.31 and the month-to-date score is 1.32, so the company is \$2,845 ahead of the goal as of this date. This report allows managers to take action every day if the company is falling behind the monthly goal. Waiting until the financial report for the month, which comes out a couple of weeks into the next month, is too late.

Issue Tracking

“Murphy lives.” The fact is, things go wrong in every business, particularly custom businesses like construction and remodeling. Some of the issues are frequent and even predictable and are called “common cause” variations. These issues can become chronic when allowed to persist. Tracking these issues allows the managers to focus on the most common and to initiate corrective actions to prevent them. More importantly, tracking the common cause issues throughout the pipeline allows a focus on priority of action. An issue identified early in the pipeline, while important, would not have the same priority as an issue near the end of the pipeline which would be a greater threat to the completion of the job and service to the customer.

Issue tracking can be accomplished from sales through job completion by dividing the process into colored zones (called Buffers) covering the flow of materials and information from beginning to end. An example of a Buffer Chart for a countertop manufacturer is posted below.



Daily Buffer Management Meeting

Purpose: to identify and record buffer problems and assign responsibility to fix them

- Meetings are held at least once per day at a designated time and place for a maximum of 15 minutes
- Everyone is on time and prepared
- Status of each zone is reported relative to where every job should be in the overall pipeline
- Action items and person responsible for each is communicated

The essence of proactive management.

Daily meetings of key process people would be held to identify issues by zone. At that meeting, the core causes are documented and a single person is identified who will take responsibility to resolve the issue. At the next meeting, a follow-up report on the issues identified is provided to assure that “nothing falls through the cracks.”

Buffer Management Meeting

Purpose: to identify and record buffer problems and assign responsibility to fix them

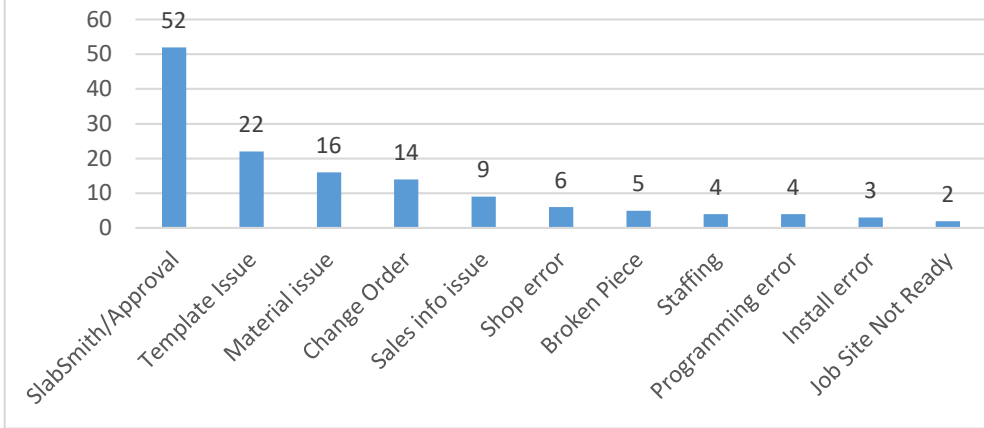
- Meetings are held at least once per day at a designated time and place for a maximum of 15 minutes
- Everyone is on time and prepared
- Status of each zone is reported relative to where every job should be in the overall pipeline
- Action items and person responsible for each is communicated
- Data is maintained to allow analysis of the most chronic issues affecting a smooth flow of jobs

The essence of proactive management.

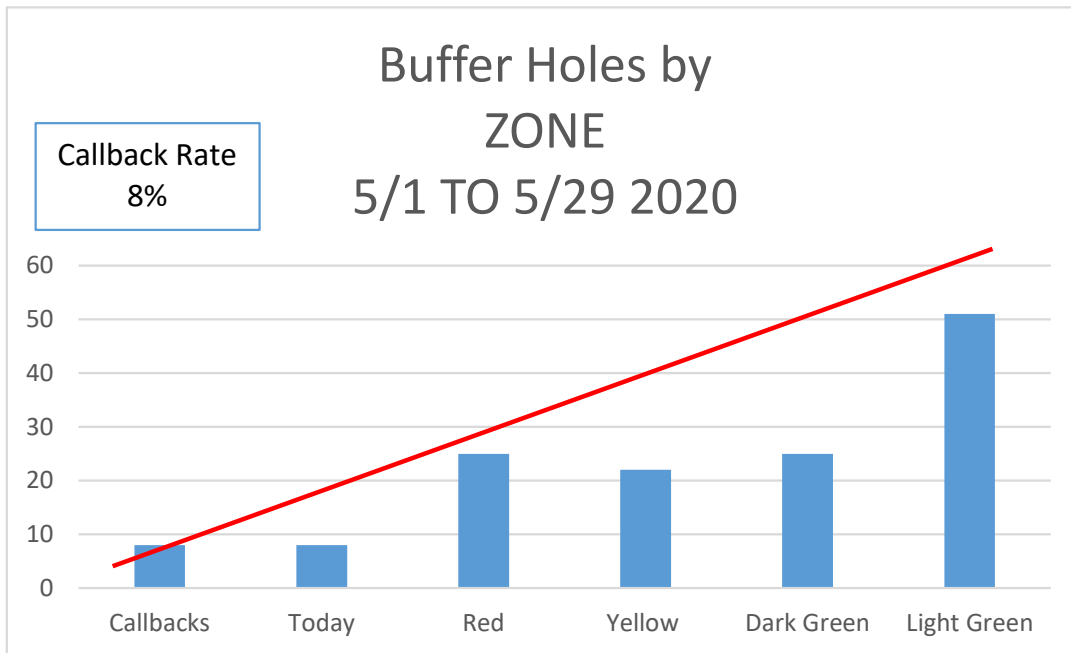
During the month, this data can be plotted by *cause* and by *zone*.

Issues by CAUSE

Buffer Holes by CAUSE 5/1 TO 5/29 2020



Issues by ZONE



Octane

- \$T per hour at Install
- Typical goal: \$700 per hour
\$5,600 per day per Install Team (truck)
- Octane Report
Prevailing Octane

Octane Report

Sample Company

Octane Dashboard

Current Overall Average Octane Rating (unfiltered)

674 Goal = > \$700

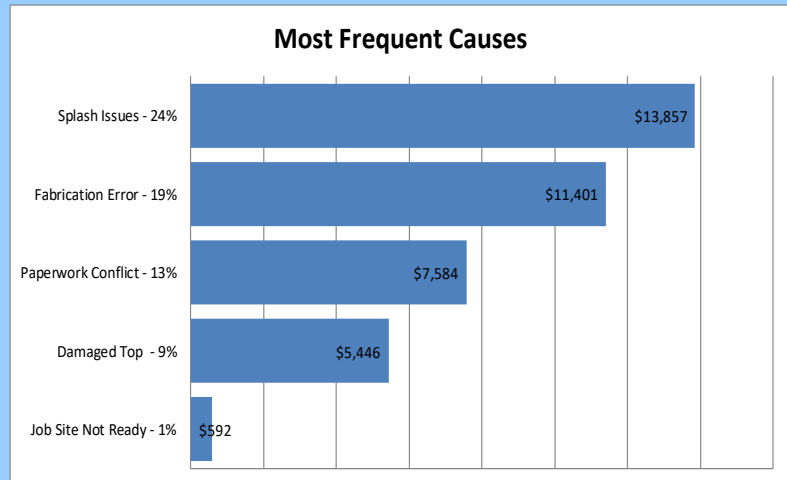
Octane Statistics for Analysis Set (filtered)

248 Number of Jobs in Set

12 Number of Callbacks

4.8% Callback Rate Goal = < 5%

9.7% Problem Rate Goal = < 10%



Plan, Schedule, Track ACT on data

- *Plan* based on reasonable projections
- *Schedule* the \$ necessary to meet goals
- Track performance relative to goals
- Collect data on shop and field operations
- *ACT* on chronic matters
- Correct systemic issues
- Keep doing it forever
- There is no finish line.

Focus Session