

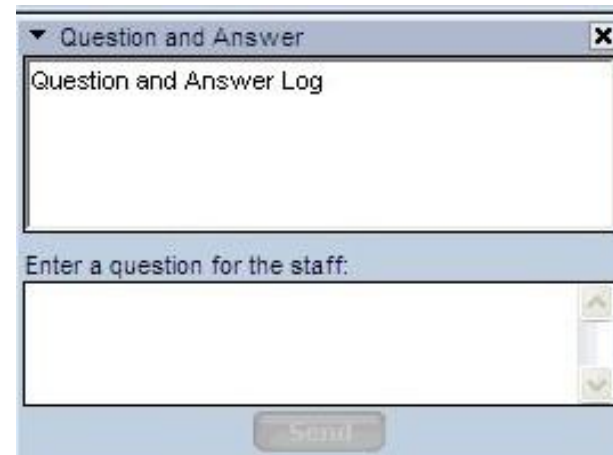
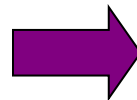
AME/APQC Benchmarking CoP Virtual Networking Event March 19, 2013

Why Organizations Misbehave: Looking Beyond Lean Tools

Val Liberman, UL

Housekeeping

- All lines are muted.
- You can submit questions/comments at any time. We will address all questions during the Q&A session at the end of today's presentation.



- Links to the recording and slides will be made available to all attendees via e-mail.
- Follow-up survey to provide more feedback.

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Why Organizations Misbehave: Looking Beyond Lean Tools

Val Liberman, UL

Session Agenda

10:00 a.m. Welcome/Housekeeping

10:05 CoP Business

10:10 Benchmarking Presentation

10:45 Open Q&A

11:00 Adjourn

2013 Benchmarking CoP Calendar

Month	Date	Session	Presenter
February	2/19/2013	Real-Time Case Studies in Benchmarking	Travis Colton, APQC Don Davies, General Dynamics John Mellin, GlaxoSmithKline
March	3/19/2013	Why Organizations Misbehave: Looking Beyond Lean Tools	UL
April	TBD	Benchmarking the Manufacturing Process	TBD
May	5/21/2013		
June	6/18/2013		
July	7/16/2013		
August	8/20/2013		
September	9/17/2013		
October	10/21/2013	AME Annual Conference (Toronto)	Face-to-Face
November	11/19/2013	Continuous Improvement and Knowledge Management at Eaton	Eaton
December	12/17/2013		

Send your topic or presenter recommendations via the Q&A tab or email at rwebb@apqc.org.

AME Events (www.ame.org)

- 3/21 - 03/22 Memphis, Tennessee
 - FedEx Benchmarking Tour
- 03/26 - 03/27 Louisville, Kentucky
 - Leverage Team-Member Innovation
- 03/26 Aliston, Ontario
 - Honda Tour
- 03/27 - 03/28 Visual Factory Deployment
- 03/28 Braintree, Massachusetts
 - Member Appreciation Reception - Massachusetts
- 04/09 Winamac, Indiana
 - Plymouth Tube - AME Excellence Award Recipient
- 04/09 10 Financial Secrets of Truly Lean Companies
- 04/10 East Walpole, Massachusetts
 - Lean Leadership
- 04/15 – 04/18 San Antonio, Texas
 - AME Spring Conference – Revitalization of North American Manufacturing

APQC Events

<http://www.apqc.org/events>

- 03/19 APQC Business Excellence Community
 - Effectively PMOs (Webinar 11 am CST)
- 03/20 APQC Financial Management Community
 - Driving Performance Excellence with Predictive Business Analytics (Webinar)
- 03/28 APQC Knowledge Management Community
 - Avoid brain drain by adopting proven strategies for knowledge capture and transfer (Webinar)
- 04/03 APQC Orientation
 - Overview for Industry Organizations
- 04/10 APQC Orientation
 - Overview for Professional Service Firm Organizations
- 04/29 – 05/03 APQC Knowledge Management Conference & Training
 - Houston, Texas

APQC Research Agenda

http://www.apqc.org/research_agenda

➤ Active Research

- Next-Generation Financial Shared Services (22% complete)
- Mobility and Finance (33% complete)
- Financial Analysis Becomes Financial Analytics (44% complete)
- Managing the Financial Risks of Supply Chain Disruption (36% complete)
- How Leading Organizations are Using the APQC PCF (10% complete)

➤ Upcoming Research

- How Shingo Prize Winners Manage Their Supply Chains
- How to "Sell" KM to Managers
- Advanced Metrics for Financial Process Measurement
- What Makes Top Performing HR Functions Different?
- Avoiding Pitfalls in Fixing Finance

Why Organizations Misbehave: Looking Beyond Lean Tools

Val Liberman, MBB
Associate Director

March 19, 2013



The Situation

MOST organizations embark on the Lean Journey to get better business results.

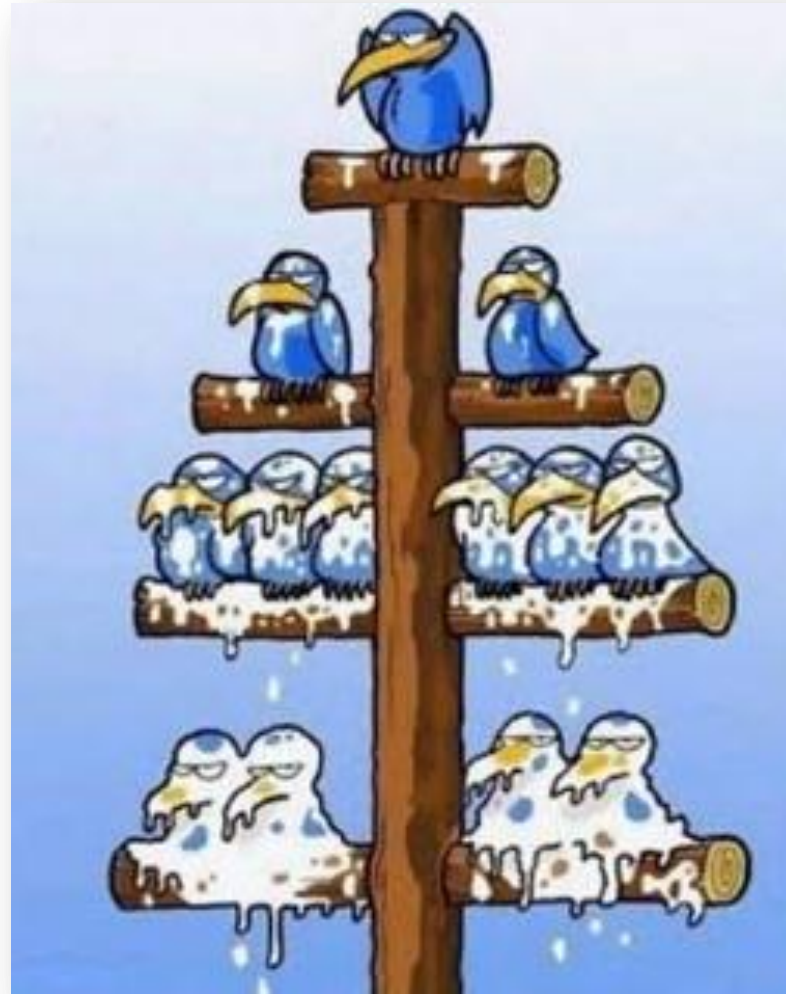
MANY, start by borrowing and adopting well-known Lean tools and focusing primarily on conducting improvement events.

SOME realize the importance of organizational culture and focus on behaviors in addition to traditional metrics and KPIs.

VERY FEW are able to sustain the momentum in the face of leadership changes and external pressures.



How do we avoid this?



WE ARE A GLOBAL FORCE FOR GOOD

At UL, our mission of working for a safer world since 1894 is at the core of everything we do.

- Advancing safety through careful research and investigation
- Preventing or reducing loss of life and property
- Promoting safe living and working environments for all people

10,000 EMPLOYEES



103
INSPECTION
CENTERS



SERVICING
CUSTOMERS IN



100
COUNTRIES



Birth of UL, 1893 World's Fair



William Henry Merrill



The Chicago Daily Tribune. FINAL EDITION

INSURERS THREATEN TO STOP EXHIBITION!

ELEVATED RAILWAY
ELEVATED RAILWAY IN CHICAGO
The First Step in the Construction of the New System

RAIL MEN WANT HIGHER PAY, LOWER LIVING
Rail men want higher pay and lower living costs. They are demanding a 10% increase in wages and a 10% decrease in the cost of living.

WOMAN, 60, DOES LEAP OF DEATH
A woman, 60 years old, has done a leap of death from a high building.

REPORT SAYS THEY CONTROL FOOD, PRICES
A report says that the government controls food and prices.

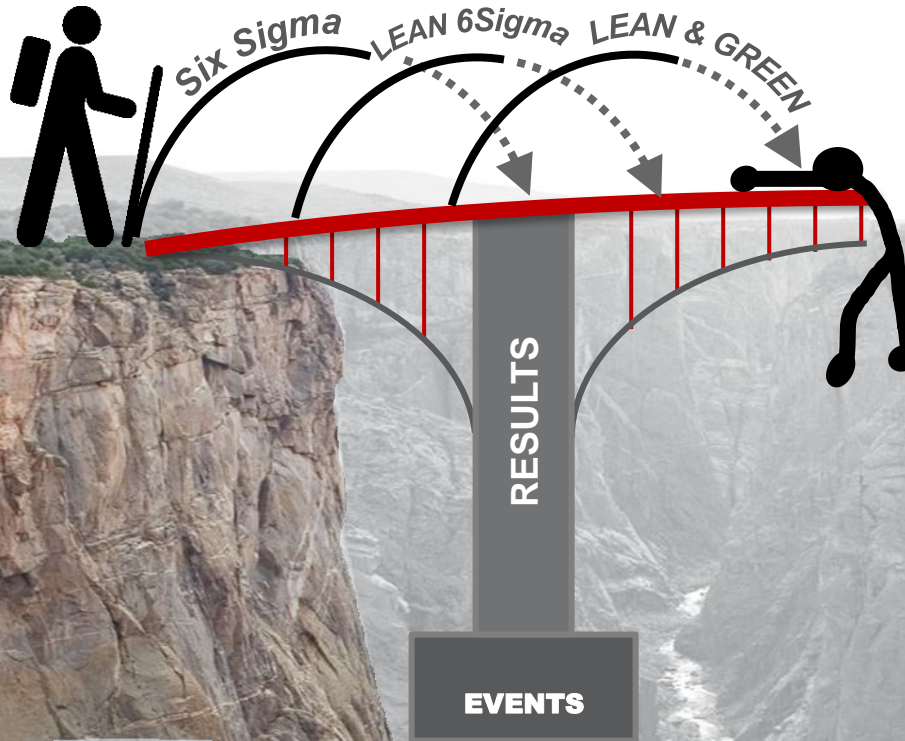


2004 Situation

- Break-even business – weak balance sheet
- Low employee morale
- Poor customer satisfaction
- Weak leadership
- Heavily silo'ed
- Unhealthy board-management relationship

“Tool” Stage

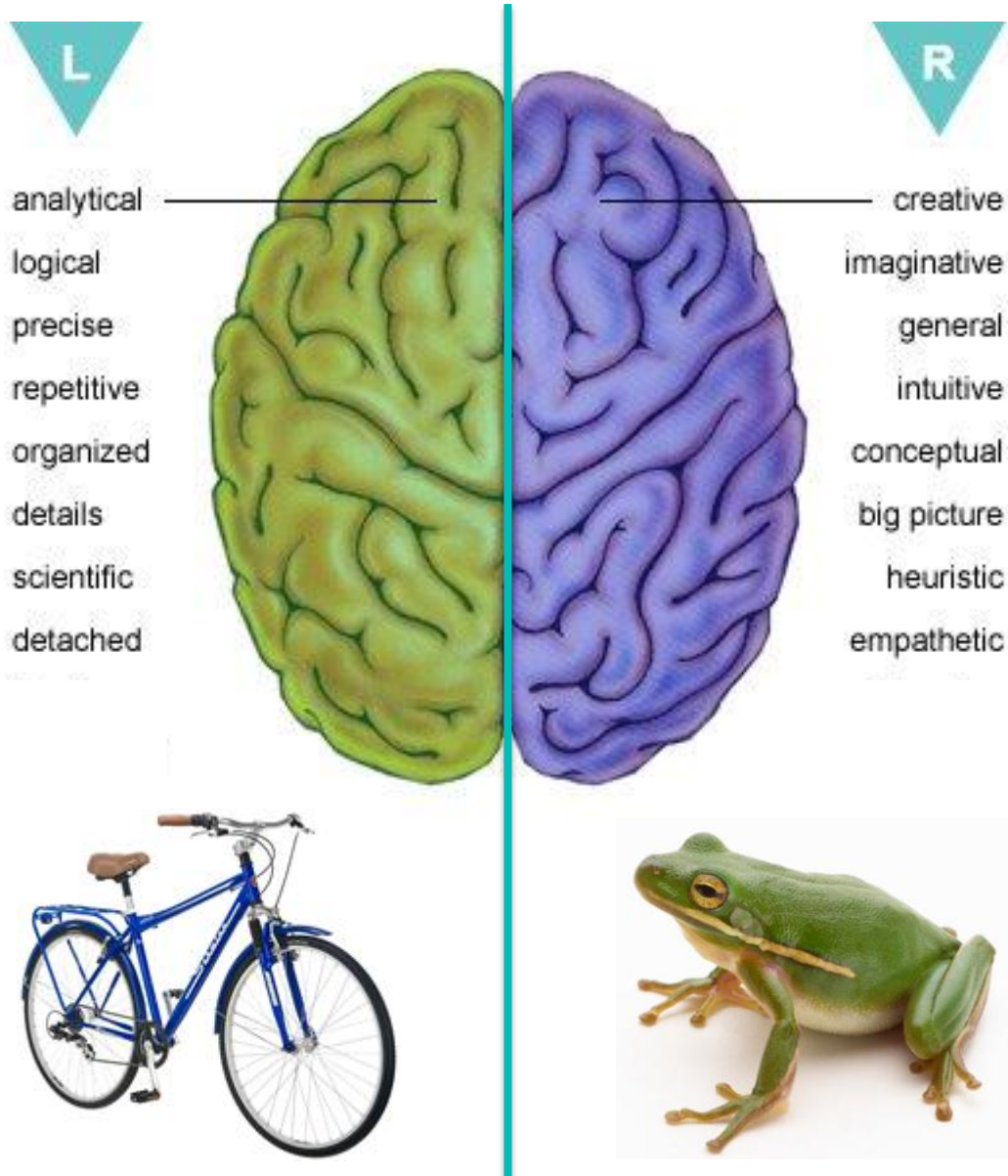
How we started



Copyright © The Shingo Prize



Bikes and Frogs



^A
ADOPT

Leadership and Culture

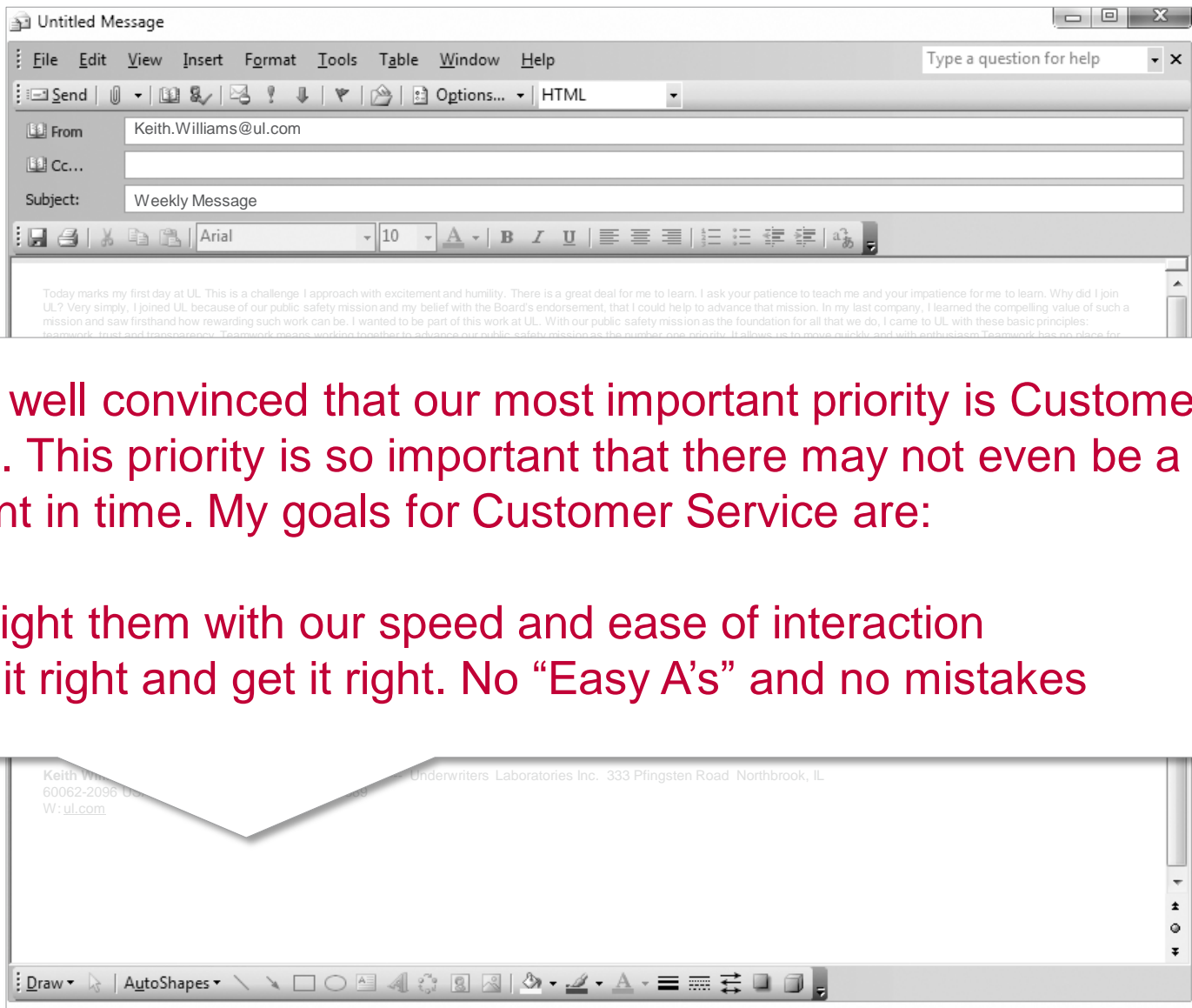
Leadership Lessons



*As for the Best Leaders the People do not notice their Existence
The Next Best, the People Honor and Praise
The Next, the People Fear
And the Next, the People Hate
When the Best Leaders' Work is Done the People Say
"We Did it Ourselves"*



Jun 20, 2005

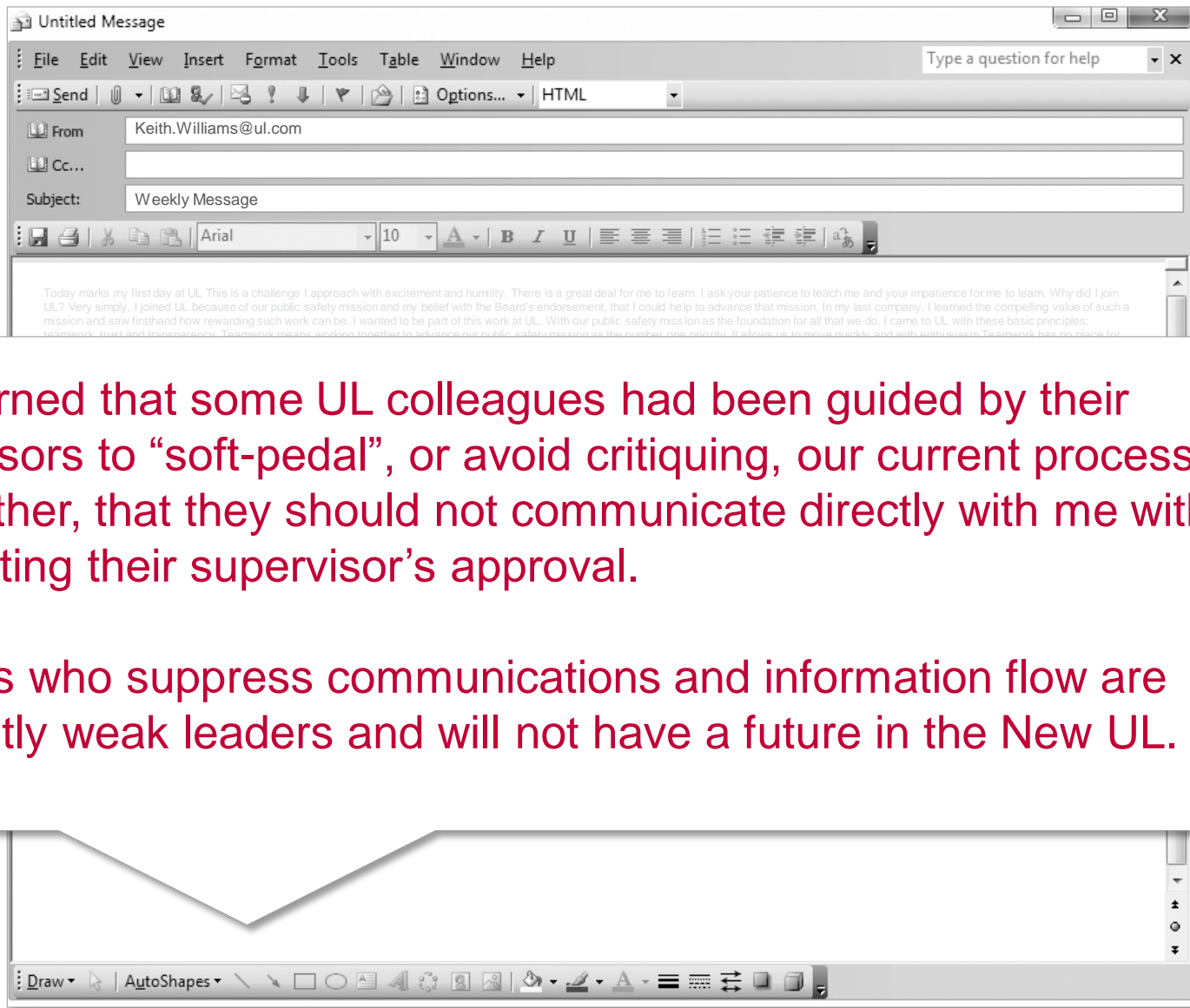


... I am well convinced that our most important priority is Customer Service. This priority is so important that there may not even be a #2 at this point in time. My goals for Customer Service are:

1. Delight them with our speed and ease of interaction
2. Do it right and get it right. No "Easy A's" and no mistakes



Aug 16, 2005

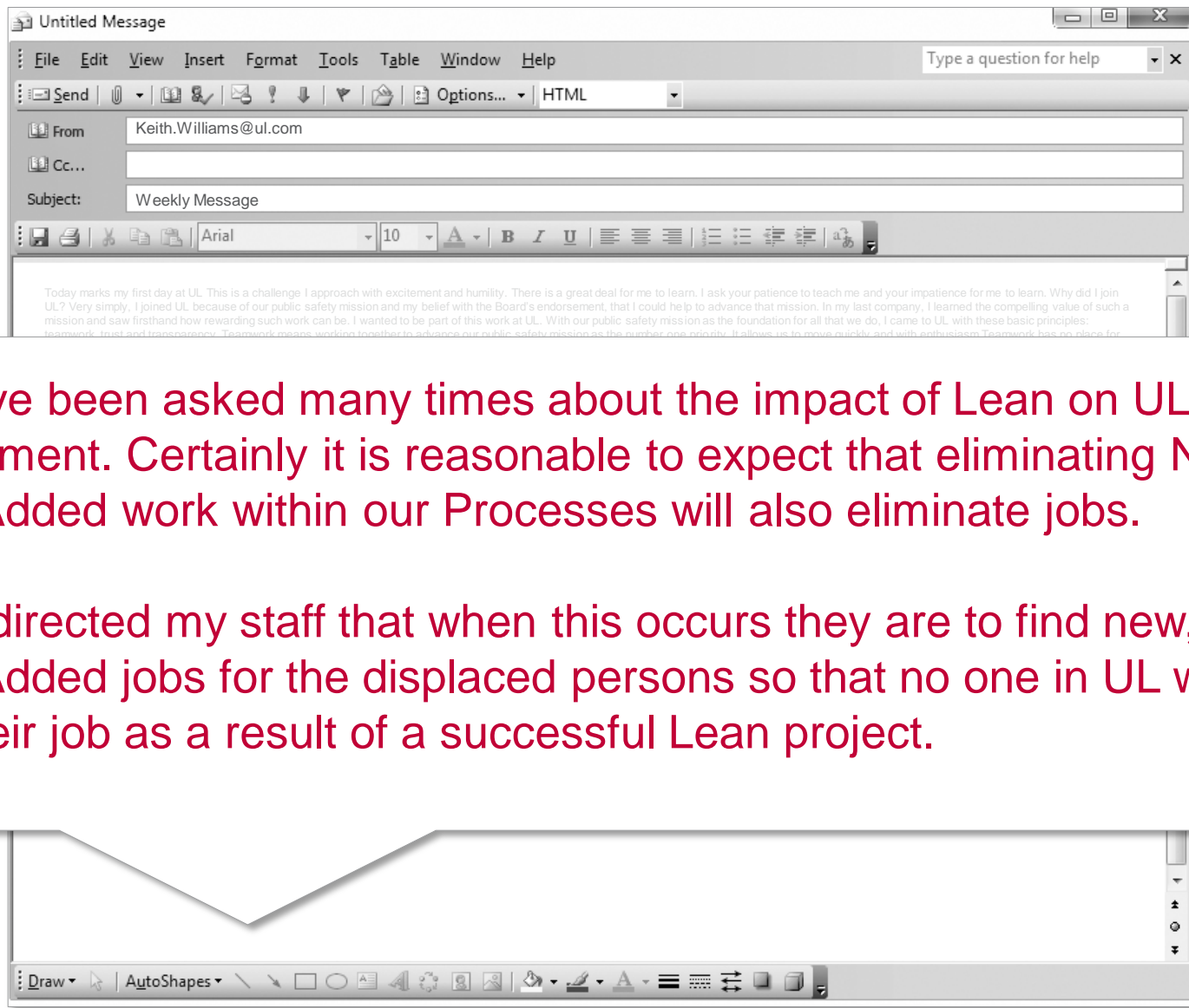


... I learned that some UL colleagues had been guided by their supervisors to “soft-pedal”, or avoid critiquing, our current processes... and further, that they should not communicate directly with me without first getting their supervisor’s approval.

Leaders who suppress communications and information flow are inherently weak leaders and will not have a future in the New UL.



Sep 06, 2005

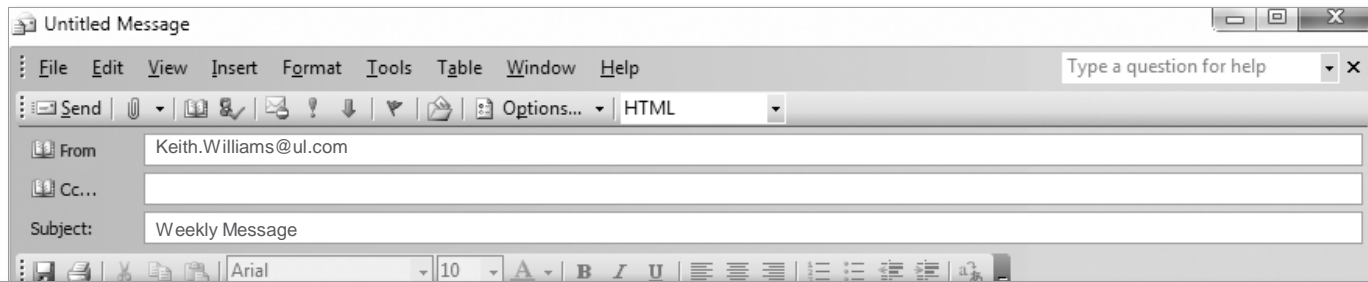


... I have been asked many times about the impact of Lean on UL employment. Certainly it is reasonable to expect that eliminating Non-Value Added work within our Processes will also eliminate jobs.

I have directed my staff that when this occurs they are to find new, Value Added jobs for the displaced persons so that no one in UL will lose their job as a result of a successful Lean project.



Jun 01, 2006



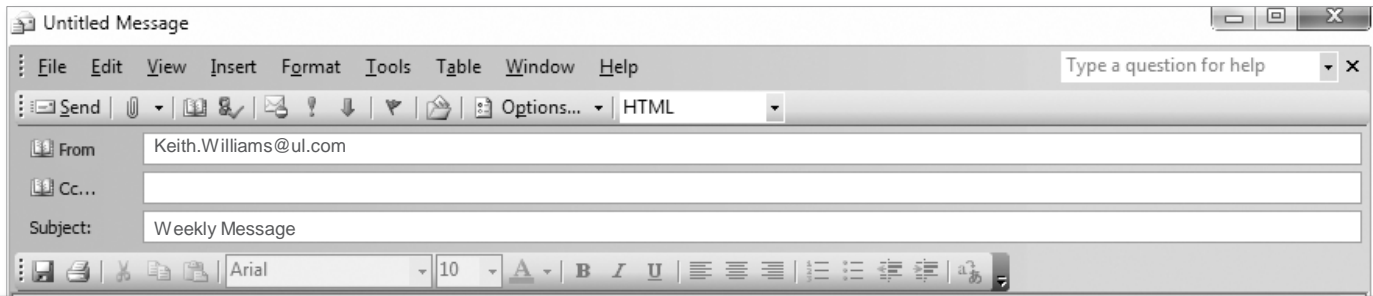
Last week Ken Lay and Jeff Skilling, former Enron top executives, were convicted on multiple charges related to Enron's failure.

From this story there are some lessons that we might learn:

- Honesty Pays
- Each of us is responsible for our actions
- Choosing not to know is not a choice
- "I don't know how to do it" is a good thing to say to your manager
- "I didn't know how to do it" is a poor excuse for a defense



Jan 15, 2008



Last week, the UL Officers group spent three days in training with the Disney Institute.

- Leadership excellence will lead to cast excellence.
- Cast excellence will lead to high levels of guest satisfaction.
- High levels of guest satisfaction will lead to outstanding business results.

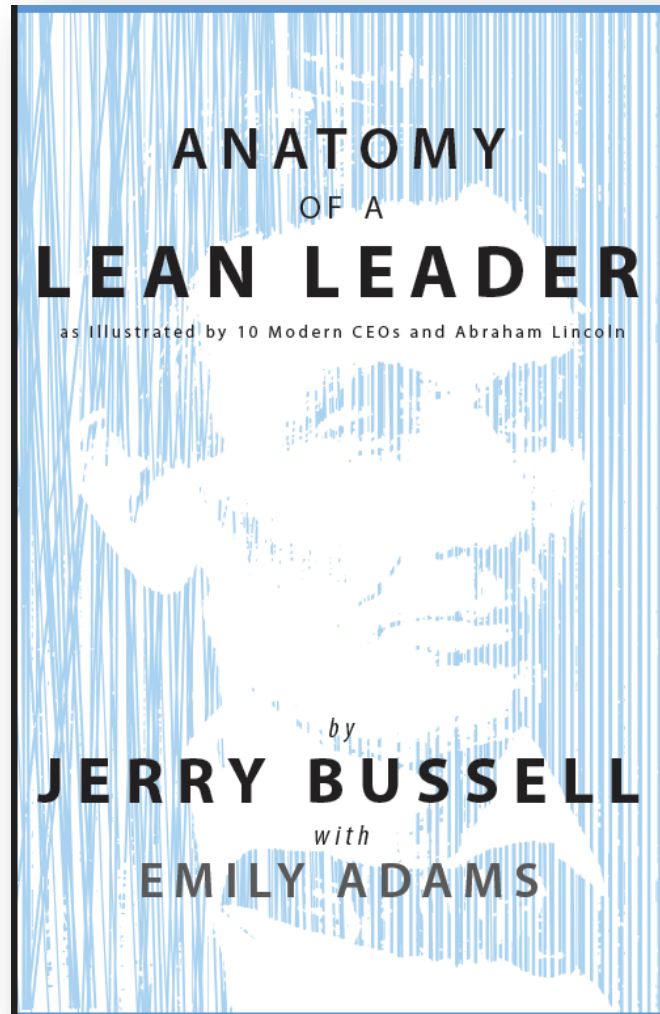
At Disney, they say, **“This is not our fault but it is our problem.”** We can apply this same type of thinking in our daily work...



become best better board certification change china colleagues
continue core corporate create customers
development done efforts employee engineering ensure expect financial focus
future global goals growth help important
improve industry information issues key lead lean management
mark market mission needs operations opportunity
organization past people performance plan please positive president
process products program project public quality
question results safety serve service share structure success
survey system team technical testing thank today training units value

Leadership Lessons

Book Reference



Culture Revisited

Culture

Values



Behaviors





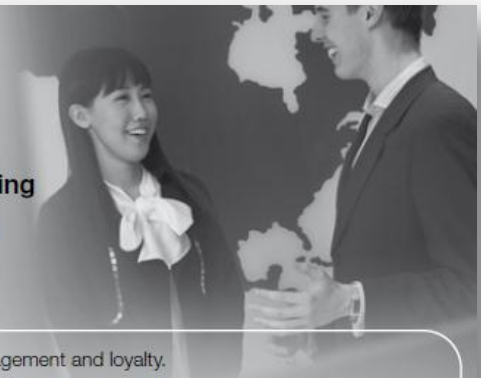
Critical Behaviors for Success

- 1 Customer Focus
- 2 Flexibility
- 3 Drive for Business Results
- 4 Initiative & Decision Making
- 5 Communication
- 6 Collaboration
- 7 Respect for Others
- 8 Analyzing & Problem Solving
- 9 Planning & Organizing
- 10 Leading & Engaging

1. Customer Focus



Provides friendly customer service focusing on understanding customer needs and delivering customer satisfaction.



E

- Creates a culture of personalized customer engagement and loyalty.
- Creates a culture of open, two-way customer communication to ensure customer satisfaction and a complete understanding of customer needs.
- Creates a culture that promotes customer convenient solutions.

D

- Is concerned with ensuring a balance between customer service, high quality and integrity.
- Develops globally standard customer service metrics.
- Anticipates competition and customer demand in the industry and proactively works to meet customer needs.
- Creates processes and business models to meet customer needs and removes barriers to implementing customer convenient solutions.

C

- Motivates and supports others to consistently meet customer needs and provide superior customer service.
- Monitors customer service provided by the team and customer commitment to the company and quickly addresses issues.
- Ensures customer convenient solutions meet both customer and company needs.

B

- Proactively seeks customer feedback and develops and implements customer convenient solutions.
- Anticipates barriers to meeting customer needs and works to eliminate these.
- Helps customers understand and successfully work with UL's business processes.

A

- Demonstrates an understanding of how the customer perceives UL and its business processes.
- Listens to customer feedback and provides input to the development and delivery of solutions.
- Provides friendly and consistent service to customers.

Expecting Good Behaviors



Operational Excellence

Desired behaviors happen:

...even after leadership changes

...even during economic downturn

...even if an employee has a bad day

...**everyday** and **everywhere** in the organization



Missing Ingredient

Operational Excellence

Desired behaviors happen:

...even after leadership changes

...even during economic downturn

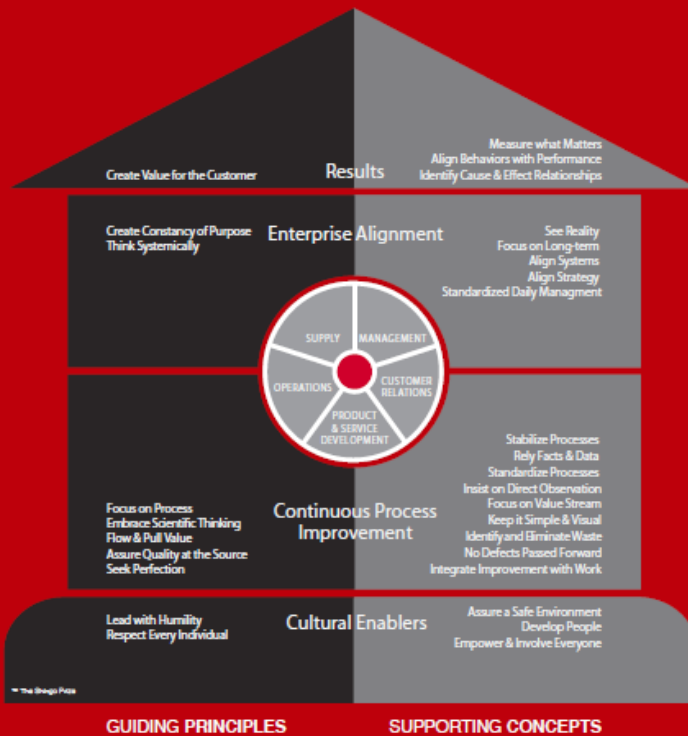
...even if an employee has a bad day

...**everyday** and **everywhere** in the organization

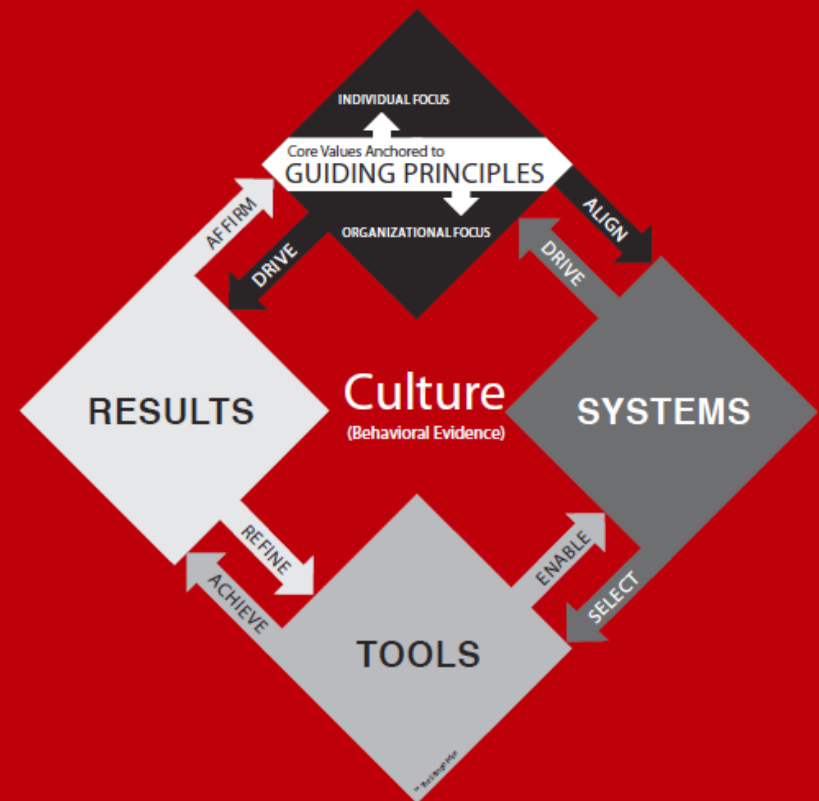


The Shingo Model

The Shingo Principles of Operational Excellence



The Shingo Transformational Process



Systemic Thinking

I know it's good for me...



System or Tool?



Will this drive the desired behavior?

Do you want to be the one to stop the line?



What we have learned

- Adopting Lean tools is not sustainable
- “*Why*” is more important than “*How*” – must *adapt*
- Communicating values is not enough
- Behaviors are true indication of organizational culture
- “*Honor system*” does not hold under pressure
- Only systems can drive desired behavior consistently



THANK YOU.



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Question and Answer?

Thank You for Attending!

- Feel free to forward questions or recommended topics to schandler@ame.org
rwebb@apqc.org