

A decorative graphic consisting of a vertical black line intersected by a horizontal black line. To the left of the intersection are three overlapping squares: a blue one on top, a red one on the left, and a yellow one on the bottom.

The Process Improvement Process

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Presented by:
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A decorative graphic on the left side of the slide consists of overlapping colored squares (yellow, red, blue) and a black crosshair.

Agenda

- Define Process Improvement
- Goals of Process improvement
- Philosophies of Process Improvement
- 4 Steps to Improving a Process
- Return on Investment (ROI) Analysis
- Resources for Help
- Case Study
- Q&A



The Process Improvement Process



What is Process Improvement?

- Modifying a series of operations or actions to gain a benefit.
- Change + Benefit = Improvement

“Change is not good.”

In the process improvement world, change is not enough. Change must lead to a quantifiable benefit.



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Goals of Process Improvement

Maximize

- Facility Capacity
- Production Efficiency
- Inventory Utilization

Minimize

- Production Costs
- Material Handling
- Work-in-Process (WIP)



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Philosophies of Process Improvement

- **Balanced production flow**
You are only as strong as your weakest link.
- **Space utilization**
Use the cube.
- **100 pennies = 1 dollar**
Small improvements add up to big savings.
- **The Midas Touch**
Perform minimum touches with maximum value.
- **ROI vs. WOW**
Get the biggest bang for the buck.



The Process Improvement Process



4 Steps to Process Improvement:

- Step 1 - Identify
- Step 2 - Develop
- Step 3 - Implement
- Step 4 - Follow-up



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How to Identify Improvement Opportunities

- Benchmark
How does XYZ Company do that?
- Compare theoretical vs. actual throughput
Why am I producing less than expected?
- Document your processes
Why are there so many steps?
- Talk to your employees
Why didn't I think of that?
- Observe your operation
Why do we do it that way?



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How to [Develop](#) an Improvement Plan

- Identify the root cause
Ask the "5 Why's"
- Develop ideas to fix the root cause
Brainstorming, employee feedback, or best idea contest
- Pick the best solution
ROI analysis, budget & time constraints, or other criteria
- Develop a plan
Define responsibilities & time frame
- Define the improvement goal
Needs to be realistic & measurable



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How to [Implement](#) an Improvement Plan

- Review the plan with your employees
Explain the changes & expected benefits
- Define the goal to your employees
Keep it simple
- Get buy-in from your employees
Get them involved early & use their ideas
- Implement the plan
Hold people accountable
- Check on the plan
Make sure proper procedures are being used



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Proper [Follow-up](#) for an Improvement Plan

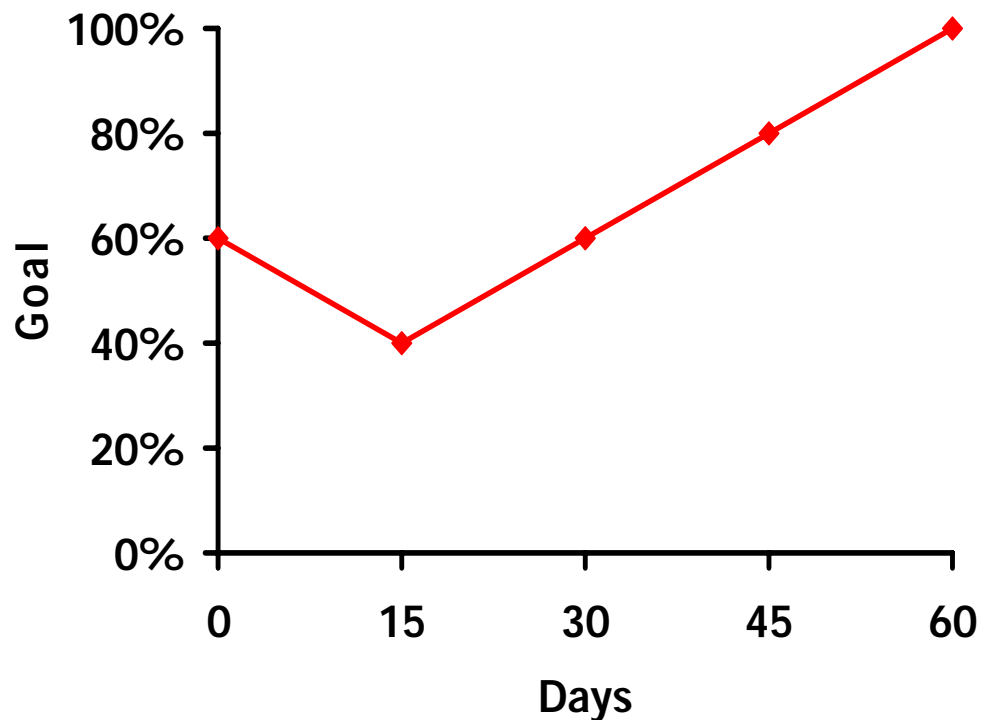
- Measure your progress
Collect appropriate data & document results
- Give it time
30 - 60 days for process to mature
- Compare actual results to goal
Did you hit the target?
- Finish the plan
Hit the target? Identify the next improvement
Fell short? Ask the "5 Why's" and modify the plan

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Proper Follow-up for an Improvement Plan

Give the improvement 30 to 60 days to reach your goal.





The Process Improvement Process



Return on Investment (ROI) Analysis

- Define the total costs

Up-front Costs

- ❖ *Equipment*
- ❖ *Material*
- ❖ *Installation*
- ❖ *Supplies*
- ❖ *Inventory*
- ❖ *Fees*
- ❖ *Training*

Annual Costs

- ❖ *Labor*
- ❖ *Inventory*
- ❖ *Utilities*
- ❖ *Supplies*



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Return on Investment (ROI) Analysis

- Define the total savings

Annual Savings

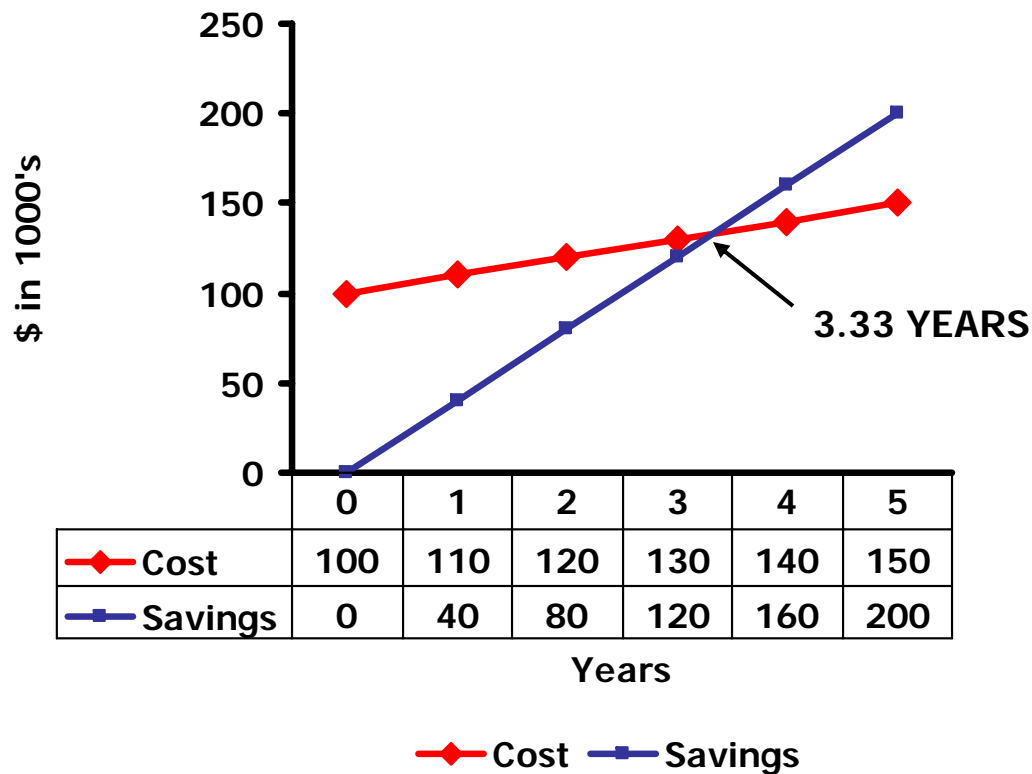
- ❖ *Labor*
- ❖ *Inventory*
- ❖ *Utilities*
- ❖ *Supplies*

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Return on Investment (ROI) Analysis

Plot cumulative costs and savings over time





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Return on Investment (ROI) Analysis

- What is the correct amount of time for a return on your investment?



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Resources for Help

- Consultants
- Equipment Vendors
- Associations
- Management Groups
- Other Operators
- Competition



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Case Study: [Stockroom Process Improvement](#)

- Identified opportunity to improve garment inventory utilization.
- Used garment utilization was at 54%.
- Goal was set at 75% based on benchmarking.
- Calculated \$100,000 savings per year due to process improvement.
- Ask the "5 Why's".
- **Root Cause:** Picking employee was grading while filling orders. Did not follow established grading criteria.
- **Best Solution:** Allow pickers to pick & graders to grade.



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Case Study: [Stockroom Process Improvement](#)

- **Plan Implementation:** Re-established grading criteria w/ employee feedback. Posted grading criteria. Developed training programs. Defined goal for garment utilization.
- **Follow-up:** Collected data for 60 days. Used garment utilization increased to 76%.
- **Hit the target!** Identify next opportunity.



The Process Improvement Process



Question & Answer

Thank you for your attention

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