7 Best Practices of Highly Effective Teams
Driving Continuous Improvement & Excellence
Continuous Improvement
A Journey, Not a Destination

The adage “a journey, not a destination” is the most prevalent aspect of Continuous Improvement (CI).

More than a set of steps, continuous improvement is a company culture; resulting in significant business value when embraced by the entire company. Effective use of programs, including Lean Manufacturing, Six Sigma, and KPIs, yield valuable results to your bottom line.

Where do you start?

With complex operations, disparate data sources, and the need to overcome the inertia of day-to-day business; your journey to Operational Excellence (OpEx) should be tackled methodically and diligently. What follows is a set of global manufacturing best practices to make your team a highly effective continuous improvement team.

<table>
<thead>
<tr>
<th>Top Operational Challenges</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Lack of Collaboration Across Different Departments</td>
<td>48%</td>
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<tr>
<td>ROI Justification for Improvement Investments</td>
<td>39%</td>
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<tr>
<td>Disparate Data Sources</td>
<td>39%</td>
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<tr>
<td>Lack of Continuous Improvement Culture and Processes</td>
<td>38%</td>
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<td>Timely Visibility into Manufacturing Performance Metrics</td>
<td>38%</td>
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<tr>
<td>Difficulty Coordinating Across Supply and Demand Chains</td>
<td>38%</td>
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<tr>
<td>Lack of Executive Support</td>
<td>27%</td>
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<tr>
<td>Lack of Available Talent</td>
<td>26%</td>
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* LNS Research, 2014
Best Practice 1: Assemble a Diverse, Cross-Functional Team

Improvement and innovation start with the best people and the best ideas. Individual departments within an organization have proven they can work towards a greater goal and be productive, but combining expertise across broad disciplines produces the best results. Is a lack of collaboration in the organization the biggest obstacle you face and a change you can make to kick-start an OpEx journey?

To receive considerably more value from a CI team, connect members from cross-functional departments and perspectives. Impact the business with regularly scheduled meetings to discuss concerns and opportunities to recommend solutions. If multiple departments and employees are engaged, the solution will have a greater impact.
Best Practice 2: Uncover Relevant & Achievable Goals

A cross-functional team with a collaborative approach will only lead you so far on your continuous improvement path – your organized and motivated team could be overwhelmed by the sheer volume of improvement possibilities. The best and most informed decisions need to be based on business priorities.

You do not have to tackle the entire factory at once. Begin with the areas, systems, lines, or disciplines with the most dramatic opportunity for overall productivity. It is paramount to have a clear understanding of the current performance level for challenging, yet realistic, improvement.

**Prioritize goals and set specific milestones that can be measured and verified.**
To do this, evaluate ways to constrict or reduce production losses on the most profitable products. An important metric for your organization might be OEE, or Overall Equipment Effectiveness. For the three components of OEE – Availability, Performance, and Quality – a small increase in each can have a remarkable impact.

Based on the starting point and set benchmark, achieving even small percentage gains in OEE increases output, reduces production time, and achieves critical business deliverables. While challenging, it is an achievable goal, resulting in a significant Return on Investment (ROI) to your bottom line.
If your cross-functional team deems OEE the appropriate metric to track results, they could institute a 10% improvement goal for the year.

An OEE improvement from 30 to 40% is the equivalent of asking production to increase output by one-third in a year which may not be reasonable at first. Based on your industry, state of current assets, resources, and infrastructure, this may seem like an insurmountable goal.

Accurately assessing goals to drive productivity and impact is of utmost importance to enhance company culture, engage employees, and consider continuous improvement a driving force.
Best Practice 3: Avoid the High Efficiencies Trap

The dream team is assembled, the business drivers are established, and the key goals in place. What is the next hurdle?

Businesses are compelled to report high efficiency numbers to their shareholders and annual reports; however, using the same metrics on the factory floor may hide areas for improvement. Insight into the shop floor is needed by corporate executives as well. Plant data must consider Availability Losses - such as changeover, sanitation, or preventive maintenance - that affect the entire CI team.

Plant floor metrics need to be considered a necessary cost of doing business.
In order to improve efficiency, all reported measures need to be documented correctly without avoiding negative factors. Adopt a methodology to provide unbiased, consistent, and real measurements. For example, a 10% OEE goal could be the metric for productivity improvement. For a comprehensive KPI response action, measure inefficiencies related to the following:

- Equipment
- Consumables
- Infrastructure
- Personnel

Accurate data provides you with real information to make decisions about the direction of manufacturing. Falsifying or weighing numbers will not, in the end, hold people accountable and drive them to be more productive. Executives need this critical insight and connection to the shop floor to make sure the best quality products get to market on time – if data is not accurate, your CI initiatives will be stymied.

*Engagement’s Effect on Key Performance Indicators*

- Absenteeism
- Shrinkage
- Quality (Defects)
- Productivity

- High Turnover Organizations
- Safety Incidents
- Customer
- Profitability

*Gallup, 2013*
Operators should also be involved in continuous improvement. They have a dramatic impact on the business, including a first look at the equipment and valuable insight in identifying and reporting efficiency losses. However, at the end of the day, their main job is operating the line and not collecting detailed performance information (i.e., recording/acknowledging/categorizing events and performing root cause analysis).

Continuous improvement teams must have the ability to non-intrusively ask operators for the vital information to help improve or eliminate production losses. Categorized as selective involvement, operators can provide input on production with minimal interference to operations. Typical process automation alarm systems can be ignored, but a system that requires minimal, yet effective, involvement is more readily accepted and used.

**Quick tip**

Train and incentivize your operators to look for and document areas of improvement
When you use a real-time performance management system and selectively involve the operator, it shows you are serious about the continuous improvement program and value the positive role operators play in success. Engaging and removing barriers of operators will leave a lasting positive impression important for employee retention and work success.

Disengaged employees alone are costing the United States alone $450 billion-$550 billion annually. How could this affect your bottom line?


*Gallup, 2013
Best Practice 5: Make it Digital and Set the Standard
Use Automated KPI-Based Metrics for Root Cause Analysis

How do you get the right information, at the right time, to report the right KPIs?

Even diligent operators using manual production monitoring systems like paper, stopwatches, or scales, are only able to capture minimal – potentially inaccurate – details.

Do you know the real reason your critical production system is down? Is it due to:

- Machine failure?
- Inventory or supply problems?
- Upstream or Downstream events?
To analyze and understand the root causes of your production losses, the CI team needs timely access to accurate reports and analysis found in a real-time performance management system. The in-depth analysis and availability of various reports make it possible to quickly and effectively identify the root causes of loss events and, more importantly, devise solutions to eliminate them.

The impact of real-time and accurate information about performance is crucial to the business. Consistent improvement is obtained by collecting, analyzing, and reporting the right KPIs. Armed with correct information in real time, team members can respond to events that affect performance and eliminate the root causes of inefficiency.

Manufacturers who migrate to automated systems quickly discover more loss events than previously captured by manual techniques. Accurate information about various production loss events leads to the identification of improvement; by analyzing the root causes of these loss events, you will find effective ways to correct and minimize them.

Through systematic review and analysis of automated event monitoring, additional best practices emerge:

- Train your operators
- Monitor changeovers and sanitation
- Avoid starvation due to unmanaged Standard Operating Procedures (SOPs)
Best Practice 6: Implement the Right Change to Deliver Quality Improvement

With organizational structure in place, continuous improvement initiatives become manageable. Making the best quality product with improved speed and reduced waste is vital – and starts with you.

**Product quality** and customer loyalty ultimately yield a competitive advantage by avoiding misbranded items, cross contamination, and processing flaws. To put this in perspective, 68% of Aberdeen's Best-in-Class manufacturers did not issue a recall in 2012 – no product replacement or damage control was necessary. To avoid these harmful and expensive recalls, and to remain in compliance with government regulations, a best practice for global manufacturers is to turn to digital traceability.

**Product traceability**, from each supplier to consumer, addresses root cause issues, and ensures compliance and quality standards. The CI and management team require this data in real time to have a better handle on the situation on the shop floor. Accessible critical data expedites responses to particular events and ultimately limits defects going to market. Evaluating these processes across divisions and perspectives is the ideal way to figure out where the failures occur and prevent them from happening again in the future.
To increase your chance of success, analyze the root causes of production losses, prioritize the issues to be addressed, and establish a consensus before implementing changes. A few key ways to do this include:

- Weekly meetings of cross-functional teams
- Focus priority issues for operators and individuals on the most valuable results
- Always measure performance to confirm constituted changes are being made
- Review tracked data in real time, and in set intervals, for actionable changes to suppliers or processes

*Remember, continuous improvement effort is exactly that – continuous!*

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**Strategic Actions Manufacturers are Pursuing**

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<tr>
<th>Action</th>
<th>Best-in-Class</th>
<th>Other Manufacturers</th>
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</thead>
<tbody>
<tr>
<td>Improve Visibility and Traceability Controls Across Product Processes</td>
<td>43%</td>
<td>30%</td>
</tr>
<tr>
<td>Enhance Supplier Collaboration on Quality</td>
<td>33%</td>
<td>25%</td>
</tr>
<tr>
<td>Provide Timely Quality Data for Critical Decision Making</td>
<td>27%</td>
<td>20%</td>
</tr>
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*Aberdeen Group, 2013*
Best Practice 7: Benchmark Other Plants in Your Organization or with Your Industry

With the progress of your cross-functional team, operators, and automated KPIs, what is the next step?

Is your manufacturing environment centralized with standardized metrics or does your company evaluate numbers across divisions, plants, or lines?

What about your competitors?
Continuous improvement can be the competitive advantage you need for considerable growth. It provides the best possible product to market, highest customer satisfaction and loyalty, and a Return on Investment (ROI) to justify the end goal. To substantiate this, staying on top of current compliance and work in the industry, and sharing best practices, may be the perfect ways to benchmark your production. When it comes to the industry and market, there are a few things to consider:

What are the efficiency metrics for others in your industry?

How do you compare to world-class OEE and other KPIs?

What percent of OEE is achievable in your industry?

What are they doing to achieve and maintain their success?

It is important to know where you stand. By using these proven methods, the continuous improvement program will yield significant results; translating to business advantages and monetary incentives for employees and shareholders. Significant reduction in productivity losses can be achieved with knowledge of industry trends and KPIs. When the company embraces a productivity-centric focus, the rewards to the bottom line, company culture, and individuals are clearly calculable.
Key Takeaways

Focus on these seven best practices of highly effective continuous improvement teams for a solid foundation of success.

Start with a cross-functional team for collaboration of interdepartmental perspectives; alerting management to data unquantified in the past. With focused and achievable goals, KPIs are thought through and unbiased.

Using automated data collection, operator priorities remain in driving production. Root cause analytics of the shop floor are in real time to avoid potential capital investments, downtime, and other issues bogging down your production.

With these proven tactics in mind, you will take your continuous improvement strategy to new heights.

To learn more, visit

www.parsec-corp.com
or contact us
marketing@parsec-corp.com

Best Practices

1. Unify different perspectives & disciplines
2. Identify achievable goals worth pursuit
3. Extract accurate data to improve efficiency
4. Decrease dependencies to decrease errors
5. Digitize relevant KPIs for analysis
6. Prioritize quality for real-time response
7. Benchmark your results with industry leaders
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TrakSYS™ helps manufacturers to maximize asset utilization and efficiency, increase capacity with no new capital equipment, reduce production costs, decrease lead time, and improve profitability. For more information about Parsec and TrakSYS™ please visit the corporate website at www.parsec-corp.com.

References

1. Aberdeen Group, 2013
2. LNS Research, 2014
3. Gallup, 2013