

# Business Knowledge is Required to Achieve Excellence

Gregory H. Watson



International Academy for Quality

# How do you Judge What is 'the Right Thing?'

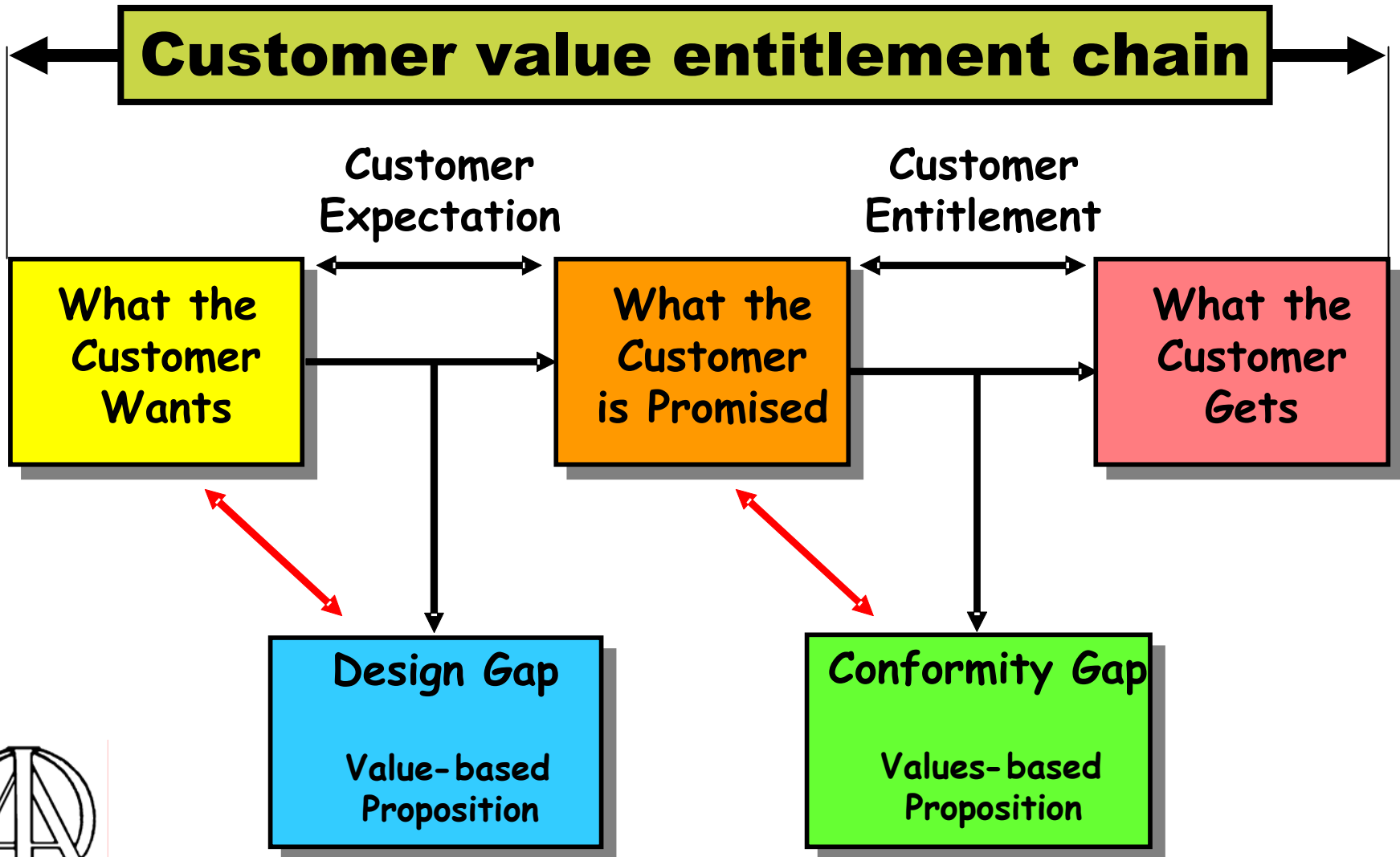


**“To be effective is the job of an executive. The executive is, first of all, expected to *get the right things done.*”**

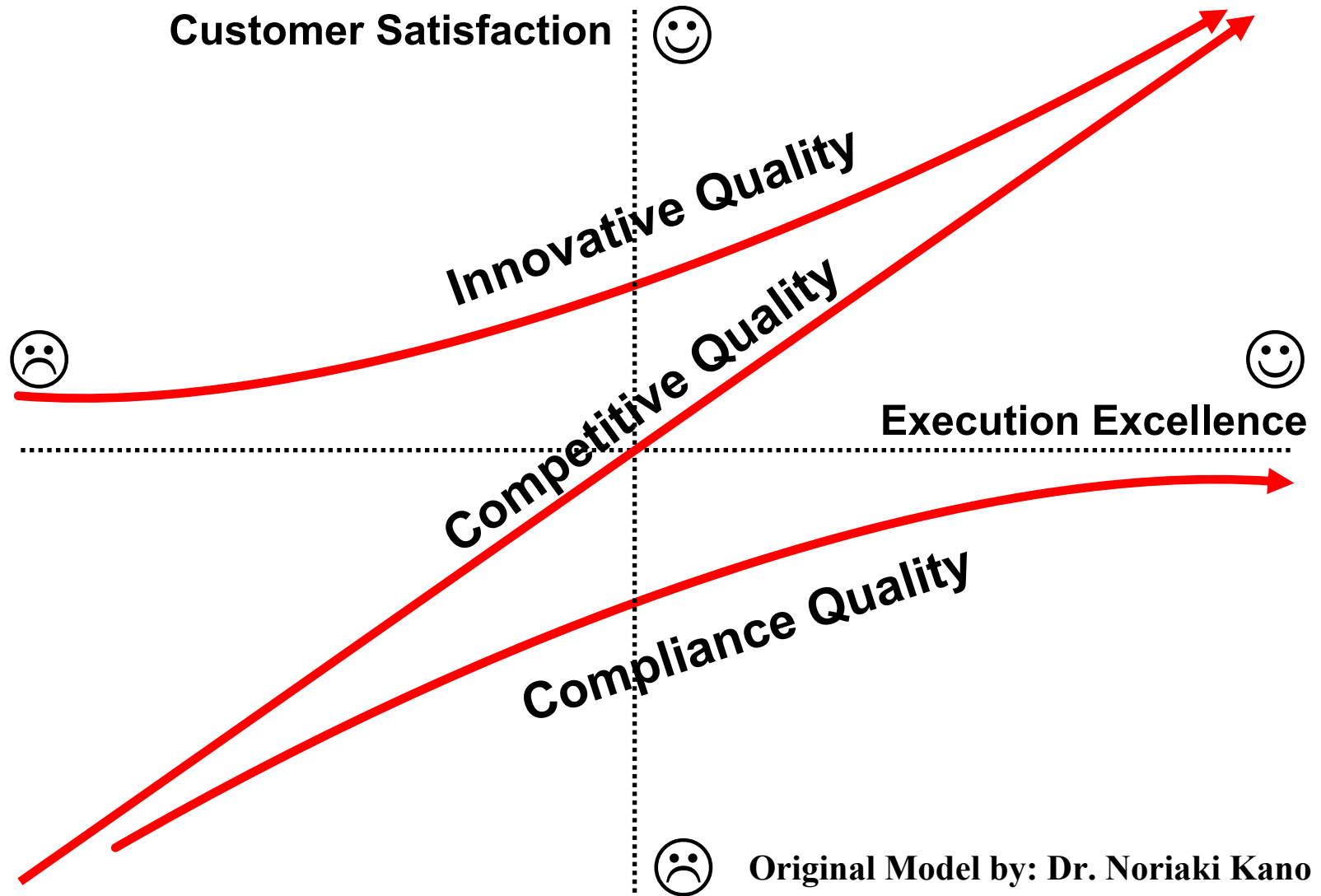
**~ Peter F. Drucker**



# Quality is Your Customer's 'Value Entitlement'



# Innovation Delivers Exciting Quality!



# ISO9000:2000



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# How to Use ISO 9000-based Standards:

Decide if you are seeking certification that your quality management system is in conformance with ISO 9001:2000 or if you are preparing to apply for a national quality award:

- Use ISO 9001:2000 as the basis for certification
- Use ISO 9004:2000 in conjunction with your national quality award criteria to prepare for a national quality award

Obtain guidance on specific quality management topics:

- ISO 10006 for project management
- ISO 10007 for configuration management
- ISO 10012 for measurement systems
- ISO 10013 for quality documentation
- ISO/TR 10014 for managing the economics of quality
- ISO 10015 for training
- ISO/TS 16949 for automotive suppliers
- ISO 19011 for auditing



# Key Principles of ISO 9000:2000

- ***Customer focused organization***
- ***Leadership***
- ***Involvement of people***
- ***Process approach***
- ***System approach to management***
- ***Continual improvement***
- ***Factual approach to decision-making***
- ***Mutually beneficial supplier relationship***



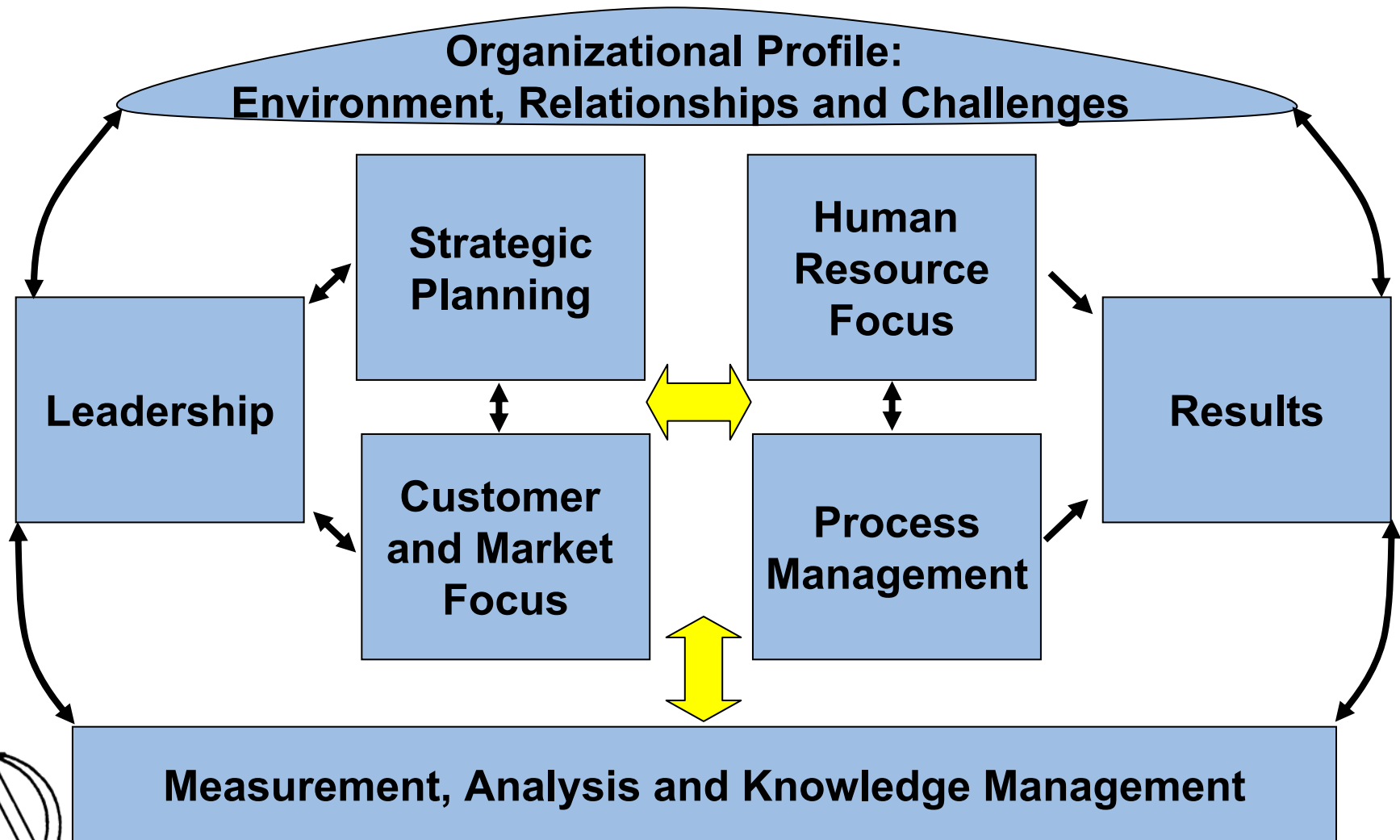
# Business Excellence



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# Model of Business Excellence Criteria



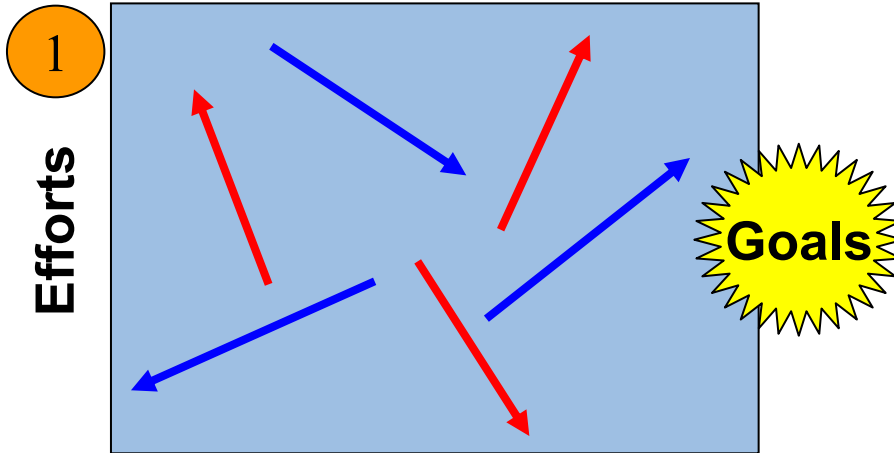
# Core Values of Business Excellence

- ***Visionary Leadership***
- ***Customer-Driven Excellence***
- ***Organizational and Personal Learning***
- ***Valuing Employees and Partners***
- ***Agility***
- ***Focus on the Future***
- ***Managing for Innovation***
- ***Management by Fact***
- ***Social Responsibility***
- ***Focus on Results and Creating Value***
- ***Systems Perspective***

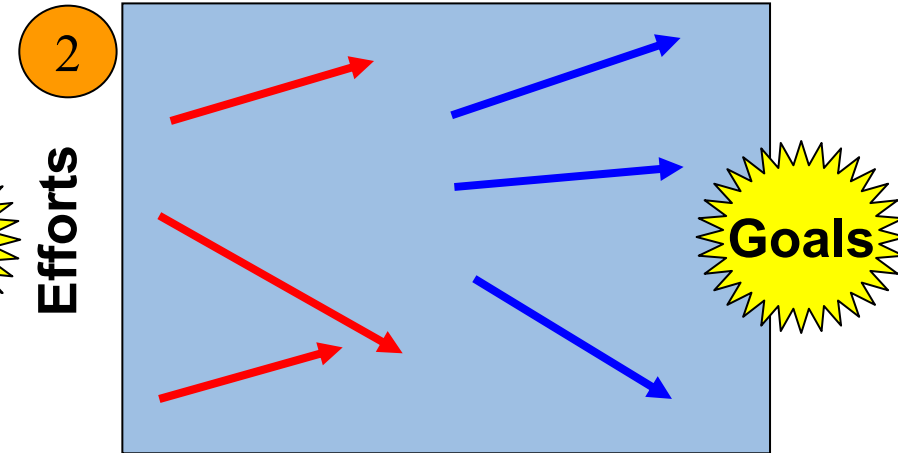


# Common “Management Vocabulary”

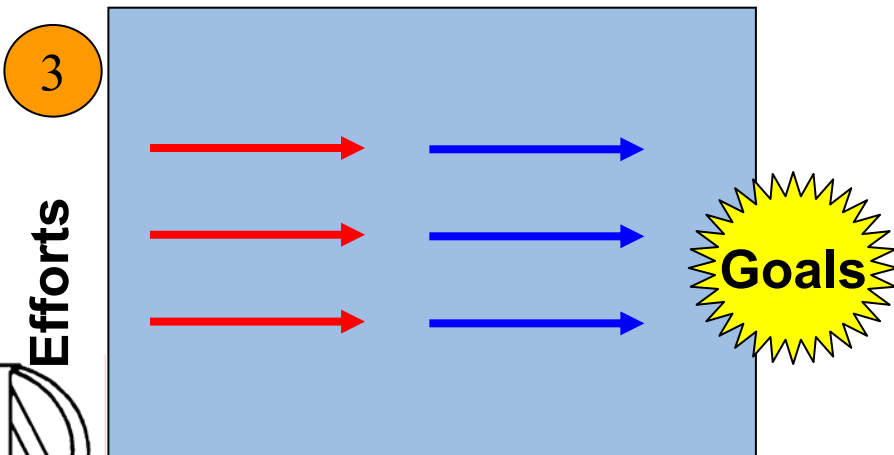
## Reactive Approach



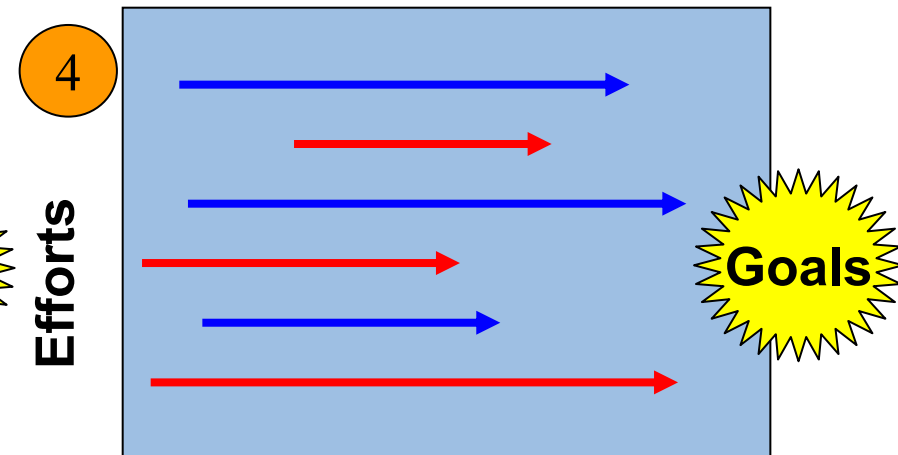
## Early Systematic Approach



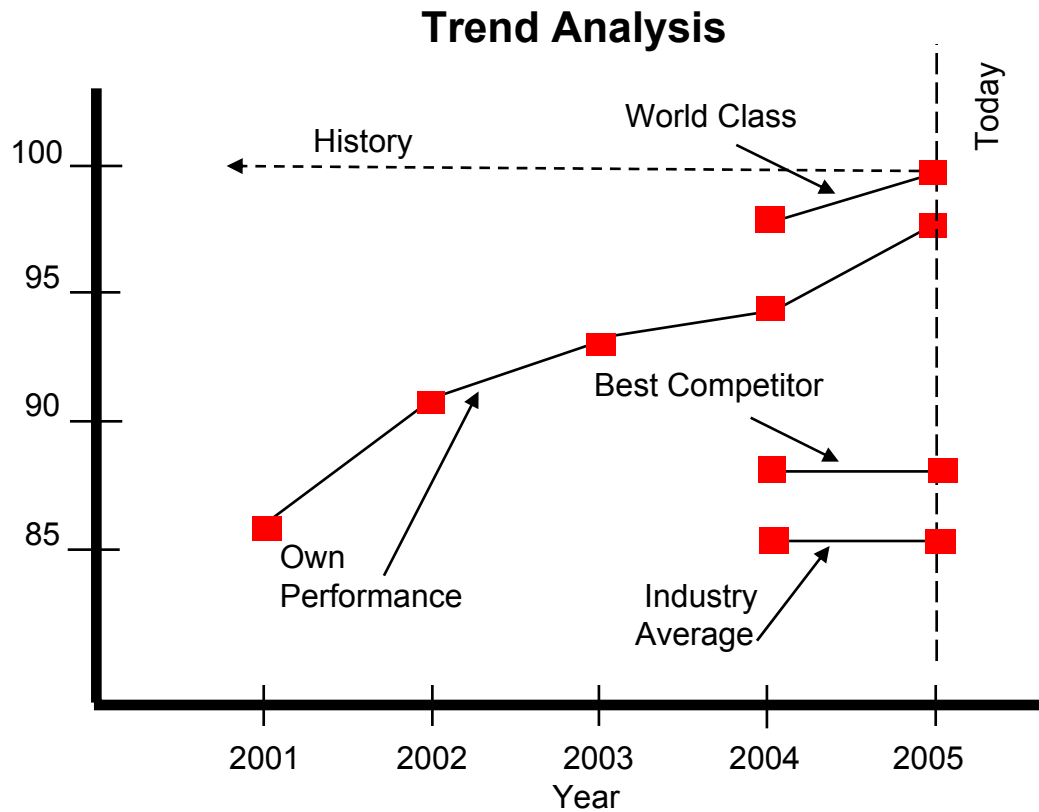
## Aligned Approach



## Integrated Approach



# Graphical Presentation of Performance Results



Process measures must show trends in performance as well as comparisons to industry, the competition and best practice.

Data for each indicator should be summarized in a chart that illustrates all the necessary comparisons as well as history.



# Six Sigma



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# All Change Occurs One Project at a Time!

**Six Sigma: Performance excellence results are achieved by the flawless execution of work according to a standard defined by the organization's customers.**

**The problem-solving process is a rigorous and disciplined process that ties together graphical quality analysis with a lean, statistical thinking process, in a systems management approach centered on achieving the customer's most critical outcome requirements.**

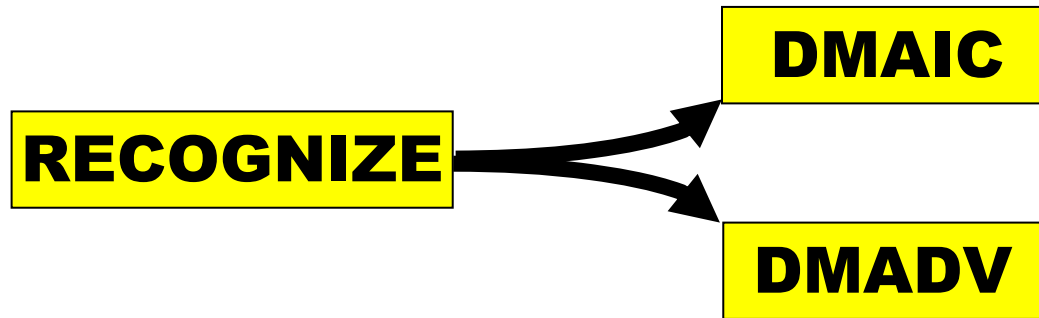
**Innovative quality is designed into products from the start.**

**Performance improvement is monitored and managed by a statistical measure of process variation.**



# Two Ways for Projects to Improve Performance:

## What kind of improvement opportunity exists?



### **DMAIC – Statistical Problem Solving**

Used to improve process performance to the level at which it was first designed – closing the gap between how a process operates (Cpk) and how it could operate (Cp)!

### **DMADV – Design for Six Sigma**

Used to improve process performance level when it is not possible to further improve the performance of the process as it has reached its designed optimal level of capability (it has reached the design Cp).



# Roles in a Six Sigma Project

## Process Owner = Sponsor

- **Business leader who is responsible for initiating the project, signing the charter, reviewing its progress and implementing its recommendations.**

## Project Manager = Champion

- **Business leader who is responsible for managing the project, reviewing the work of the Black Belt, interpreting results and adding the professional emphasis to all project activities.**

## Business Analyst = Black Belt

- **The technical analyst who facilitates the team that collects the data and is responsible for its analysis and presentation to the project manager for review.**

## Support Team = Green Belt

- **Aids Black Belt in data collection and analysis-related tasks.**





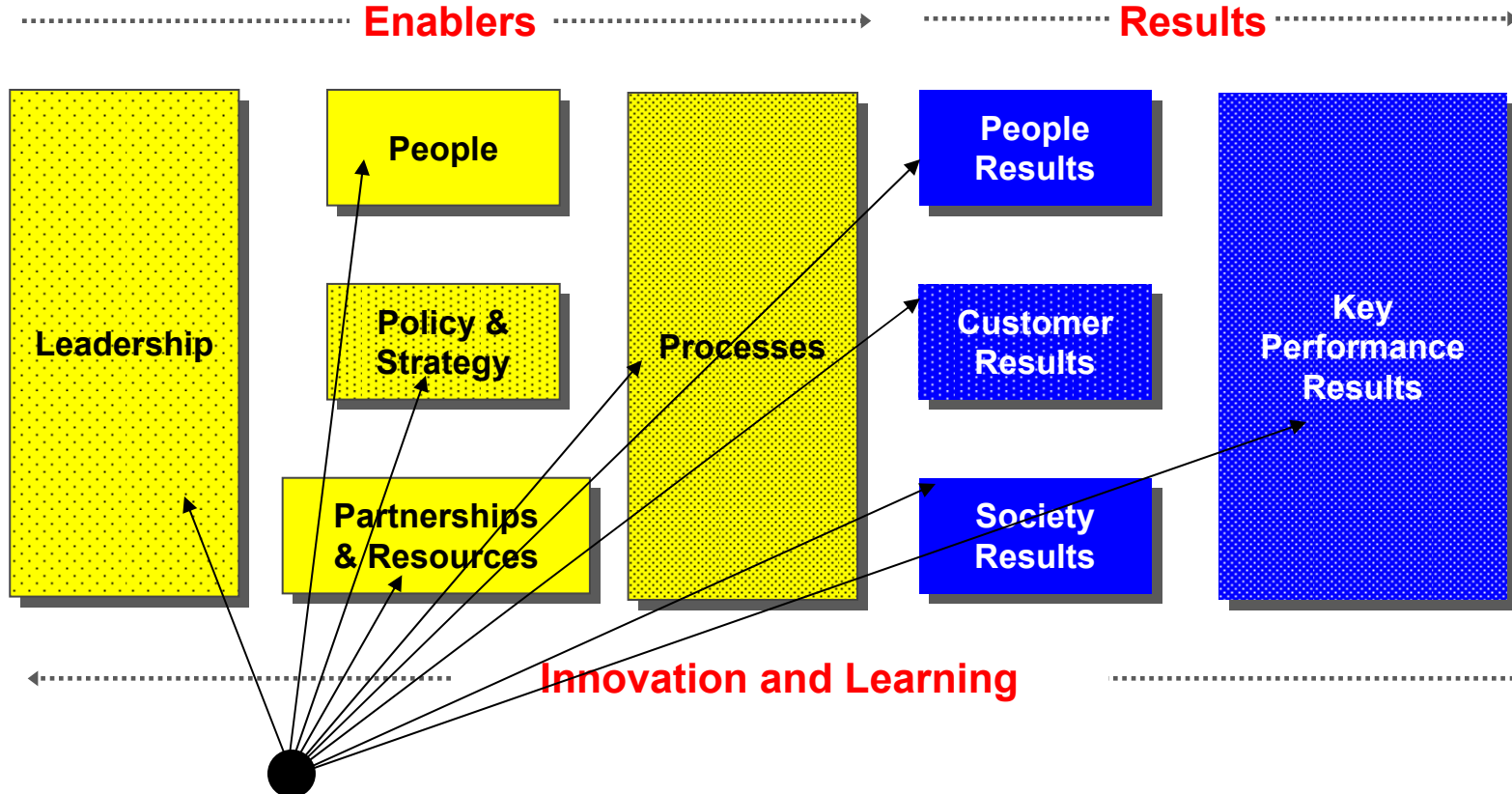
# Common Themes



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# Six Sigma Influences Entire Excellence Model!

## European Quality Award Excellence Framework:



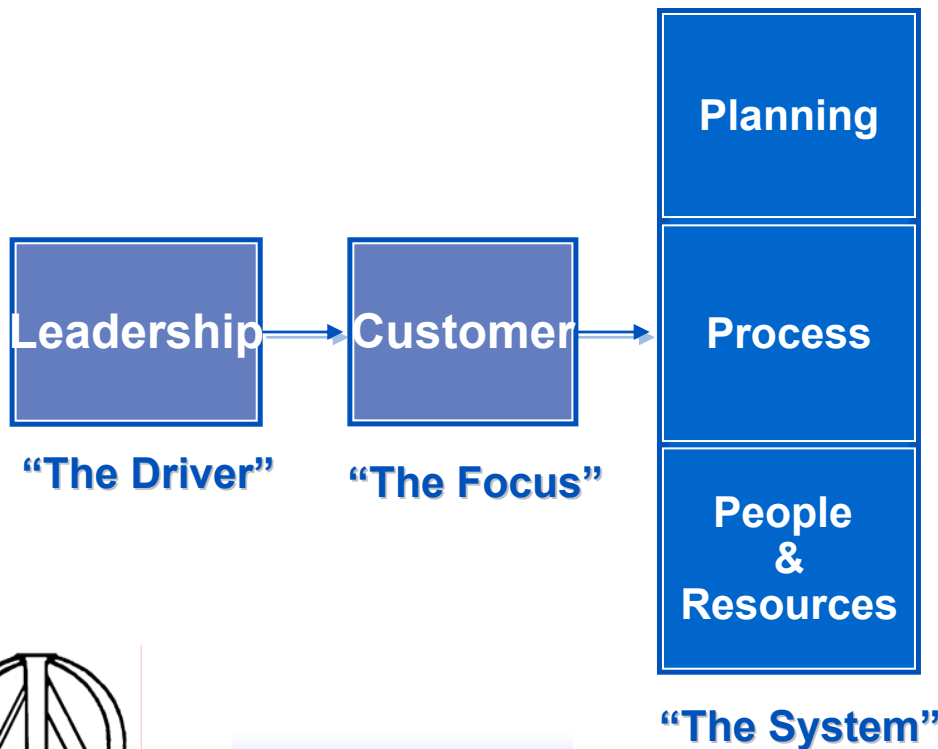
**Six Sigma influence depends on projects that management chooses and can affect the entire spectrum of the award criteria.**



# Best Practice: Nokia Management Framework

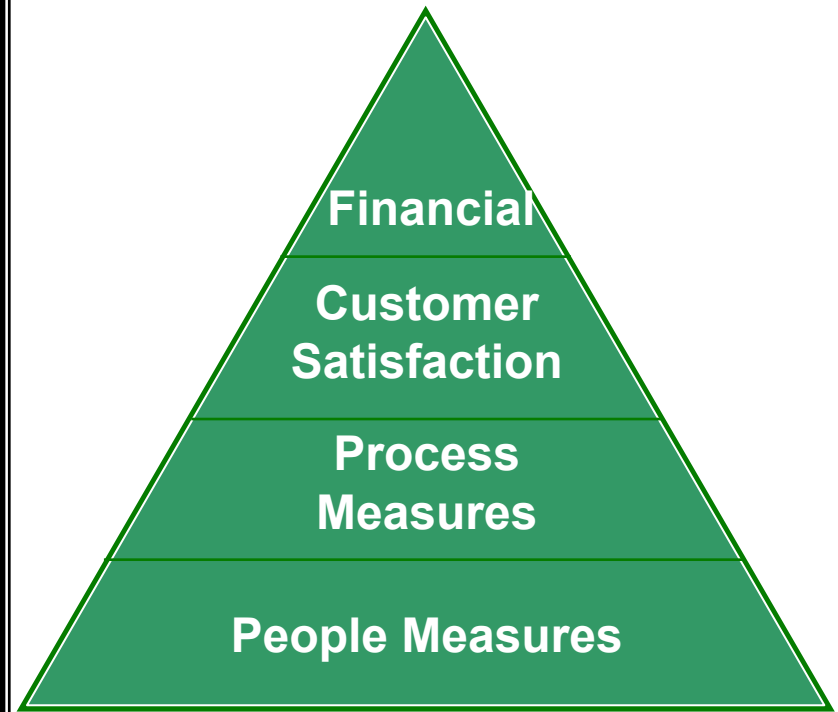
## Self-Regulating Management System

Reviewed by Process Owner  
Current State Analysis (CSA)



**ENABLERS**

Reviewed by Boss  
Business Review



**RESULTS**



# Customize Your Excellence Management Model

<b>Self-Assessment Focus:</b>	<b>Business Review:</b>
<ul style="list-style-type: none"><li>• <b>Approach – process</b></li><li>• <b>Measurement and analysis</b></li><li>• <b>Deployment – execution</b></li><li>• <b>Commitment – role model</b></li><li>• <b>Consistency and constancy</b></li><li>• <b>Correction and prevention</b></li><li>• <b>Innovation and integration</b></li><li>• <b>Planning and learning</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Financial and operational results</b></li><li>• <b>Trends in performance</b></li><li>• <b>Gaps from basic performance</b></li><li>• <b>Gaps from performance goals</b></li><li>• <b>Gaps from benchmarks</b></li><li>• <b>Gaps from capability</b></li><li>• <b>Special causes of variation</b></li><li>• <b>Common causes of variation</b></li></ul>

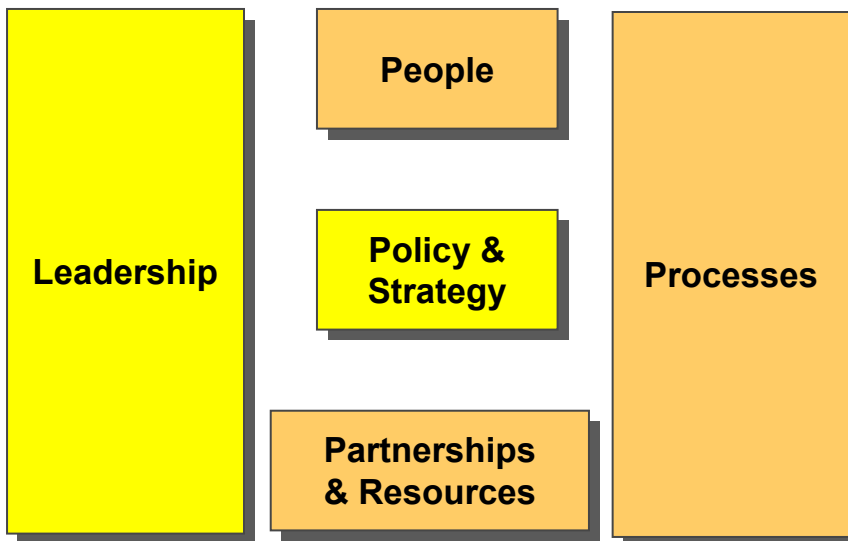


# Business Imperative – Continuous Improvement!

## Transcendent Cultural Model



## Business Excellence Model



**How do you define quality in the language of your business?**

# Business Imperative – Continuous Improvement!

## Transcendent Cultural Model

**CUSTOMER FOCUS**

**Dominance of the People Process**

**PERFORMANCE MEASUREMENT**

**Doing the right things**

**CHOICE**

**SUPPORTIVE WORK ENVIRONMENT**

**Doing things right**

**EXECUTION**

**WORK PROCESS IMPROVEMENT**

**Involving everyone in  
making success happen**

**CONTINUOUS INNOVATION**

**COLLABORATION!**



# Integrated, Aligned Quality Management System



# Next Steps in Integrating Business Knowledge

## Initiatives already integrated into 'total quality':

- **Process management**
- **Statistical thinking**
- **Lean enterprise**
- **Concurrent engineering**

## New initiatives to be considered for integration into 'total quality':

- **Financial performance improvement – activity based costing**
- **Project management for constrained resources – critical chain**
- **Innovative thinking – Theory of Inventive Problem Solving (TRIZ)**
- **Design management – value engineering**





# Continuous Innovation – Key to the Future



**“You don't have to do this, survival is not compulsory.”**

**~ W. Edwards Deming**

