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IMPROVEMENT

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Business Essentials: Take Small Steps Toward Big Goals

by Fred Heintz, CPIM CIRM

If you have big goals, learn to embrace the “crawl, walk, run” philosophy and appreciate your achievements as you accomplish the steps along the way.

Too many companies attempt to be Olympic sprinters before they learn to walk. At Sixth Floor Consulting Group, we believe that, in order to become the best, a company needs to follow a logical progression to greatness. You can't take a shortcut to world class.

The first thing is to learn to crawl. A baby doesn't learn to sprint by six months old. Instead, it slowly learns to crawl first. In the same way, a company does not master important objectives like improving inventory accuracy or properly using an ERP system overnight. It takes time and effort to become proficient at anything.

We've worked with many managers who feel they can quickly change bad processes that have formed over years.

Would you expect to be a scratch golfer within six weeks of first picking up a club? Why then do

managers expect this type of transformation in their businesses? A business, like a person, first needs to crawl before more speed can be added.

Let's go back to properly using an ERP system. We can't expect to use the MRP output if we haven't loaded in planning rules. The first step of properly using the system is to determine the rules we want to use. We also have to understand the effect and consequences of those rules, and then we can proceed to loading all the planning rules into the software. If we want to get the most out of our software's planning functionality, we need to know how it plans, and then set it up to plan the way we want it to.

If we run MRP without knowing and properly setting up the rules, we'll end up like a baby attempting to walk before it crawls, with a loud thud on our backside. Only by first learning the system and setting it up properly do we get the most from an ERP system.

Once we've learned to crawl though, now it must be time to speed things up, right?

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OUR MISSION

The goal of Sixth Floor Consulting Group is to create best-in-class processes, allowing each of our clients to take their businesses to a higher level of quality, profitability, and Lean operation.

Put us to work on your team! Email info@sixthfloorconsulting.com to get started.

Small steps, cont. from page 1

Not quite. Like the baby analogy, we need to slowly learn to pull ourselves up and take those first hesitant steps. A company must expect a lot of falls before walking becomes totally natural. Unless we want to crawl forever, we must be willing to accept those falls. If a company is unwilling to learn from its failures, it will never become world class.

Now that the company is ready to walk, though, the path becomes much easier. We've now reached what we at Sixth Floor Consulting call "Consciously Incompetent." Before we crawled, we didn't know what we didn't know. Now, at least we can see the need for education and improvement, and we can better see what path to take to reach our goal. Before, due to lack of knowledge, we didn't know what steps were needed to reach our goals.

To build on the inventory accuracy example, if we document our inventory processes and assign responsibility for all tasks, now we can go out and buy some fancy bar code or RFID readers, right? Again, not quite! We know how the process is supposed to work, but is it working properly?

The next step is a well thought out and rigorously implemented cycle counting process. This would provide a measure of our inventory accuracy. More importantly, it will show if there are areas where the process is breaking down. This is how to walk into inventory accuracy.

Once we have a disciplined and accurate

inventory process, then we'll be ready to implement bar coding or RFID. Another of our favorite sayings is, "Never automate a process you can't do by hand." If you can't manually track and keep inventory accurately, scanners will not help the process. While you could never manually do a complete MRP run, you should be able to take one item and prove to yourself the system is doing what you need it to do.

This logical progression allows us to run without falling over. Many people are born with the talent to be fast, but only those who practice every aspect of running a race, from proper starting technique to when to kick at the end, become Olympic athletes. So a business must master the basics of any process before it can become a world class organization.

Does this mean you should always go slowly? Of course not, but you do need to be aware of what steps are needed to get you where you want to be. The point of "crawl, walk, run" is to make sure you're ready to run over the competition. That means the basic processes are ingrained, and whatever is being attempted will have a much greater chance to be successful.

Moving quickly through the crawl, walk, run process is easier with experts like Sixth Floor Consulting Group to help you. We know the necessary steps to help you succeed at whatever you're looking to accomplish. Leveraging the knowledge of business partners allows your company to beat the competition. To learn more how Sixth Floor Consulting Group can help, contact us via our [website](#). ■

"Advance" Your Company with a New Grant Program

Aerospace manufacturers in central Connecticut have a new funding program available. The



Advance program provides matching funds, up to \$20,000 per company, for worker training. These funds are initially available in the next two months. Sixth Floor Consulting Group can guide you through the process of applying for the funding.

These funds, supplied by a Connecticut non-profit organization, can be used for a wide variety of training needs. The program is similar to IWT (Incumbent Worker Training), and allows each business to put the money toward those training needs most crucial to its (and its workers) survival. Some suggested training ideas are:

- **Remedial Skills:** Shop Math, English as a Second Language
- **Supervisory Skills:** Leading Teams, Supply Chain Management, Mentoring
- **Fundamental Skills:** Lean 101, Problem Solving, Understanding Financial Statements
- **Regulatory Compliance:** ISO 9001 & 14000, Internal Auditor Training
- **Technology:** MS Office, Cad/Cam systems, Blueprint Reading

The program is only open to Aerospace Manufacturers with facilities in central Connecticut. The strength of the program is that it allows the business to determine where the money would best be spent to achieve an increase in worker skills.

Click [here](#) to contact Sixth Floor Consulting Group for further information. ■



Should You Customize Your Business Software?

by Tom Dzialo, CPIM CIRM

In seeking wisdom thou art wise; in imagining that thou hast attained it, thou art a fool.

Lord Chesterfield

Sixth Floor Consulting Group has worked on more than fifty software implementations over the years. One thing that is always amazing is the amount of customization done. Even more amazing is the amount of this customization that is eventually abandoned. After two or three years, the users often discover they really didn't need that "business critical" modification!

There was a blog not too long ago that published survey results (albeit not a scientific sampling), which showed the following:

ERP Software Vendors Average Rate of Customization			
	Heavy Customization	Moderate Customization	Vanilla Implementation
SAP	38.40%	40.60%	21.00%
Oracle EBS	34.40%	40.00%	25.60%
Microsoft Dynamics	32.80%	42.20%	25.00%
Tier II ERP Software Packages	23.50%	48.10%	28.40%

Panorama Consulting Group

Frankly, we're surprised the "vanilla" rate is that high. So why is there so much customization going on? Should companies go back to in-house developed systems? The answer there is no. That is part of the problem for any company coming off a legacy system. They attempt to duplicate what they had before.

In our experience, it really comes down to putting the cart before the horse. Too often, a company decides to review its business processes only after it has decided to buy new software. These reviews get

lumped into the software budget, which was not part of the original budget, so the reviews are cursory and current processes are retained.

Every business needs to have an ongoing business process review cycle. Sixth Floor Consulting recommends using Lean Kaizen for this process, but even if a company does not want to go Lean, it still needs to regularly review how the business runs. This is not an IT initiative driven by new software, but a business survival initiative.

Most software is built on "best practices." While these need to be general rather than industry specific, we have found that almost all ERP vendors have solid business processes built into their software. If they fall short on any processes, it is in support of Lean enterprises. We know of no truly Lean companies that feel the need to customize software.

Are we saying a company should never customize software? No. We have seen many situations where standard software would not cover business needs. For example, in the alcoholic beverage industry there are inventory transactions that need to generate a tax posting as well as an inventory posting. All standard ERP systems only generate one General Ledger posting per inventory transaction.

Customization is required to avoid situations where the user would be asked to do non-value added input. There is a work-around for the above situation by keying two transactions. This is unacceptable as there is no value to keying an extra move.

Unless a company can justify customizing software to meet industry specific exceptions, they should be reviewing their processes. This review cannot occur as part of an ERP purchase, but needs to be built into the company's day-to-day procedures and policies. Unless you know your process is the best in the world, think twice before modifying software to match it. ■

5-S: COMMON SENSE ... OR NONSENSE?

by Tom Dzialo, CPIM CIRM

Workplace organization is the foundation for a high performance workplace, and 5-S is all about workplace organization. It is the result of conscious act. There is a method and a process to it! It is a sign of a “thinking” organization, and it results from thinking, planning, acting, and checking.

A high performance workplace does not happen by chance.

The 5-S term to help us remember the key components:

1. Sort: Sort out what you need

from what you don't need.

2. Straighten: Straighten out those things you need so you know where they are. Organize them in the sequence of use.

3. Shine: Shine and scrub. Keep them clean and ready to use.

4. Standardize: Standardize these practices so everyone does it the same way and to the same level.

5. Sustain: Sustain the gains so you do not have to resort to “spring cleaning.”

Many of us learned the concepts as children (“Cleanliness is next to godliness”) and again later in life (“A place for everything and everything in its place”). Most of us use 5-S at home in our shop, kitchen, or garage. We wouldn't return to a restaurant, dentist or doctor who didn't practice 5-S, yet some go to work and forget all about it or are “too busy” to actually do it. Occasionally, when expecting important visitors, a massive clean-up is done, but that is



not the same thing.

The concept of 5-S Workplace Organization is simple. This is an introduction to this business essential and will get you started or re-started as the case may be. More tips and tricks will be covered in future newsletters.

In summary, done correctly, among other things, it will help your organization improve:

1. Safety
2. Customer Lead-times and Service
3. Productivity
4. Quality
5. Reliability
6. Employee Satisfaction

Becoming world-class at 5-S will take effort, but the payoff of being an organized and efficient workplace makes it well worth it. ■



Mark your calendar ...

Date	Event
February 15	Physical Inventory Workshop
March 8	Root Cause Analysis Workshop

Call us or visit our [website](#) for event and registration details