The Monthly Newsletter of SIXTH FLOOR CONSULTING GROUP

PURSUING PERFECTION

TOOLS, IDEAS, AND SOLUTIONS FOR CONTINUOUS IMPROVEMENT

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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.

Business Essentials: Time to Fire Up Your Software

by Fred Heintz, CPIM CIRM CSCP

We've reached Part 4 in our five-part series of articles on the process of choosing and implementing a new ERP system in your business. Today we discuss how to take the software package you've purchased (using the process we talked about last month) and get it up and running. To see the previous articles, see our resources page on our website.

You've gone and signed that contract for a brand spanking new software system. Oh boy! Now what? Well, you can anticipate a lot of hard work for the next four to twelve months. Why so long? Believe it or not, we've seen longer than a year, so that's actually conservative -- but we are confident that you can do it. That's because you've already improved your processes using the tips from the previous articles. The main determinate of how long the implementation process will take should be based on where you're coming from and where you're going.

If you understand the extent of the difference between your current system and your new system, you should be able to estimate how long it will take to get the new system up and running. The bigger the change being made, the more time it will take to properly implement that change. While we always recommend changing as fast as possible, care must be taken to make sure nothing is missed.

The first thing you must do is take an in-depth look at your old system. How is your master data? This will tell you how long it will take your data team to convert your key files into the new system. Massive data clean-ups are time consuming, and trying to pry the business away to validate data loading tests is not easy. If the item master, customer master, vendor master, and G/L layout are good and clean, literally months can be shaved off an implementation.

You might be thinking, "If the data is bad, can't we just load it and clean it up after?" The truth is, If you never cleaned the data in the old system, you know you'll never clean it in the new one. A new system gives you an opportunity for a new start. Cleaning

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data allows previous mistakes to be repaired and obsolete items/customers/vendors to be removed. No longer will a raw material show in the middle of your finished goods. You won't need to page down three screens before you reach valid customer numbers. Your users will appreciate these changes more than you think!

Something else that will take substantial time during the implementation is a thorough end-to-end test of all business processes in the new system. These processes need to be documented as well. While you did a conference room pilot when researching your purchase, that could never be thorough enough to cover every business scenario. Subject Matter Experts (SMEs) need to be brought in to be trained and then test the system for all possible business scenarios. An SME can test not only the 90 percent of day-to-day business cases, but also the 10 percent of exceptions that can cause the greatest problems.

Part of any testing needs to be a complete run-through of various processes. These "day in the life" tests are good at documenting how the business will run on the new system. They are also critical to people in accounting, so they can see all the financial transactions/postings in a process. The shipping process doesn't stop at generating an invoice. The whole collection process needs to be tested and documented.

This testing will provide the basis for the third great task in implementation, training. User acceptance of a new system will be based to a large degree on their knowledge of the system. The better the training, the easier it will be for the business to move on using the new system. By documenting and laying out key lessons of the testing, training can be developed to give users a solid working knowledge of the system. You'll need to rely on the SMEs to deliver the training. This is key, because these are the people who will be working with the users, and the users need assurance that they can quickly get help when the inevitable problem arises once the system is live.

Training should normally be done one to two weeks before the system "go-live" date. You don't want to train users so far in advance that they forget everything when it comes time to use it. Good training is the best way to assure a smooth system cut over. While the software vendor can offer some standard training templates and tips, the best training is customized to your business needs.

When the time comes

So the big day is here. The new system is going live! Is this when you go into hiding?

Hopefully, that's not necessary. The project team should plan on being available to help users on the new system. This help can take many forms: a "war room" where users can call/visit to get questions answered, "floor walkers" who circulate through the business helping users and making sure no one is getting frustrated, using "problem logs" to capture user problems, concerns, frustrations, etc. The main point is to be available to help users through the problems they'll encounter in the new system. This assurance that someone is ready at a moments notice to help them will allay many doubts about the new system.

Remember, change never comes easy, and even the best new system still represents change. Do not underestimate the effort required in getting people to stop doing what they've done for years.

The author has worked on more than 40 software implementations over the years. Rather than do what one project team did (all the males grew beards and mustaches so no one would recognize them), or worry about crazed users chasing you through corridors with pitchforks and electric staplers, concentrate on the four items needed for a successful implementation:

- Data Cleanup
- Testing
- Training
- User Support

You'll find this toughest part of the project goes much smoother than expected. ■

December's article will conclude this series with a look at post-implementation support.

Celebrate Your Successes This Thanksgiving!

by Tom Dzialo, CPIM CIRM

No one wants to be on a losing team, so make sure you and your organization celebrate your successes — those things you do well — regularly. If this hasn't been the norm for your organization, make this Thanksgiving the time to make this change for the positive.

Winning organizations know that everyone and everything can be improved; however, they do not lose sight of the things they already do well. They don't just focus on the quality defects, the late shipments, the cost over runs, etc. People and organizations that only focus on the negative (what they *aren't* good at, what they don't do well, the problems they have) tend to have difficulty with continuous improvement. Conversely, people and organizations that are consciously competent and view their problems only as "opportunities for improvement" tend to make improvements more quickly and with zeal! They have *fun* doing it. Continuous improvement is part of the culture and not just part of the jargon.

In his book *One Minute Manager* from almost thirty years ago, Ken Blanchard taught the rule of "One Minute Praising." Give everyone his or her moment in the sunshine. Be prompt, specific, short, and sincere, but do it! Give each employee a chance to enjoy success and recognition, and then encourage more of the same. Just do it, and do it regularly.

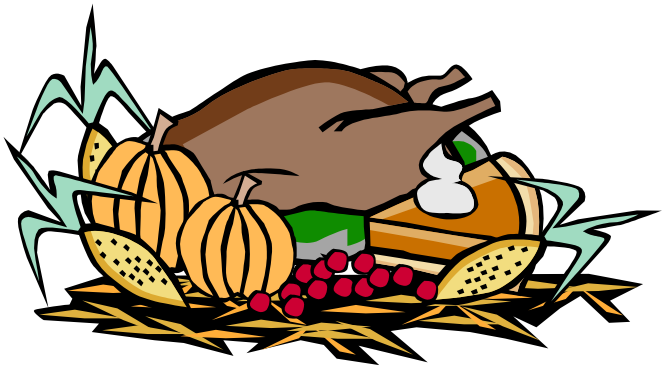
Get rid of fear

Fear in the workplace is a terrible thing. It's an emotional drain on the people and a performance drain on the organization. It is obvious in some organizations but more subtle in others, to the point where most people are not aware of it or its affect.

Cost cutting, no matter the novel names used to describe its various incarnations, creates fear. People want to put food on the table for themselves and their families, and they become concerned for their jobs when typical cost cutting is undertaken. People are also scared of the unknown. If there isn't a clear vision for the future, if they can't see how they can help the organization be successful, their imagination will fill the void with other options.

Employee involvement and empowerment are central to any good organization. What team doesn't want everyone's oar in the water? Many hands make a light load. Get your whole team involved in your team's success.

Don't let your organization get caught up playing the blame game. Set clear expectations and accountabilities if you want to get good results. It's a misconception that people don't like boundaries. Very few people want to lose, and given a fair goal and a fair chance, will work to the best of their abilities to win.



Being fair doesn't mean being easy. Have goals and objectives that stretch your team and challenge your organizations to achieve things they haven't before. People climb Mount Everest not because it's easy, rather because it's hard. It feels good to know you have accomplished something difficult, something not accomplished before, or that others have not.

This Thanksgiving, be sure to:

- Be thankful for everything you have.
- Develop a vision for success and make sure your goals keep the team reaching ever higher.
- Be Consciously Competent. Recognize those things you and your organization are good at and review it regularly.
- Thank and praise people when they help achieve daily goals.
- Make daily continuous improvement part of your team's culture.

Have a safe and happy Thanksgiving! ■

Lean Marketing:
Reducing Waste in Your Quest for New Business

by Cheryl Rice

It doesn't matter which department you work in -- just about every employee in a manufacturing environment is familiar with the benefits of "Lean enterprise." Lean principles are usually applied to the actual production operation or the front-end business systems, to increase productivity and reduce waste. But what would happen if these basic principles of Lean operation were also applied to the sales and marketing arm of the business? Is it possible to decrease waste, improve efficiency, and actually increase the effectiveness of marketing efforts by implementing basic Lean methodology? Absolutely!

Fundamental Lean principles are directly applicable in marketing efforts. For instance, if we take a look at marketing using the framework of the "Seven Wastes" concept, we can uncover some tangible wastes of time, effort, and money. After all, it all comes down to organization and planning. If the *ad hoc* methods often used in sales and marketing were applied on the shop floor, most manufacturers would go out of business because of the waste!

As an example, let's take a look at how Overproduction, Waiting, and Unnecessary Motion (three of the Seven Wastes) could be applied to marketing:

OVERPRODUCTION

This involves producing items before they are actually needed, which can create waste through storage costs or obsolescence. Within the marketing area, look for overproduction in your printed literature. If you find yourself storing huge stockpiles of unused brochures, or, even worse, destroying printed materials because they are no longer relevant, look at how you can eliminate waste here. Technology offers many options for economically producing smaller runs of printed literature, or for offering them via PDF file over the web. Take advantage of the savings!

WAITING

On the shop floor, "waiting" results from poor flow planning. Bottlenecks occur when something has to happen before the next process can occur. In your marketing communications effort, waste related to "waiting" can be a direct result of an onerous approval process. Do you find that you miss deadlines or even miss opportunities because you can't get "someone" to sign off on your projects? Track them down and try to figure out a way to improve the process.

UNNECESSARY MOTION

In the manufacturing environment, this refers to movement of people that doesn't add value. Specifically, it means that workers are having to go from place to place, wasting their time and even risking their safety. Proper planning can greatly reduce unnecessary motion of people both on the shop floor and in the marketing department! When a plan isn't in place, it often leads to what I call "on-fire syndrome," meaning *everything* is a crisis. People literally have to run around delivering materials and soliciting help because the deadline is always red-hot. Think about how much it would help if you just had a timetable so everything didn't have to be a race. It could help preserve people's sanity and safety (and, of course, improve the end product).

The next time you review your Lean journey, consider whether the principles you are applying to your manufacturing process might be applicable to your marketing efforts. Waste might be hiding there, too! ■

If you are interested in the Lean Marketing concept, Cheryl Rice offers a one-hour workshop reviewing each of the Seven Wastes from a marketing perspective. She can be reached at cheryl@ricecommunications.net.

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