Principles of Operational Excellence
a brief overview of the initial assessment
Shingo Transformational Process

- Core Values Anchored to GUIDING PRINCIPLES
- INDIVIDUAL FOCUS
- ORGANIZATIONAL FOCUS

- RESULTS
- Culture (Behavioral Evidence)
- SYSTEMS
- TOOLS

ARFFIRM
DRIVE
ALIGN
GIVE
ENABLE
SELECT
REFINE
ACHIEVE
A culture of operational excellence requires more than programmatic improvement initiatives.

It is the application of principles that truly transforms culture and ignites an organization's success.

“Think in terms of categorical principles”

- Shigeo Shingo
1. "Create constancy of purpose towards improvement". Replace short-term reaction with long-term planning.

2. "Adopt the new philosophy". Management should actually adopt the philosophy, rather than merely expect the workforce to do so.

3. "Cease dependence on inspection". Reduce or eliminate variation to eliminate defects.

4. "Do not purchase based on price alone." Multiple suppliers mean variation between feed stocks.

5. "Improve constantly and forever". Constantly strive to reduce variation.

6. "Institute training on the job". If people are inadequately trained, they will not all work the same way, and this will introduce variation.

7. "Institute leadership". Enhance both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.

8. "Drive out fear". Management by fear as counter-productive, because it prevents workers from acting in the organization's best interests.

9. "Break down barriers between departments". Each department serves not the management, but the whoever uses its outputs.

10. "Eliminate slogans". It's not people who make most mistakes - it's the process they are working within. Do not harass the workforce.

11. "Eliminate management by objectives". Production targets often encourage the delivery of poor-quality goods.

12. "Remove barriers to pride of workmanship". Develop worker satisfaction.

13. "Institute education and self-improvement".

14. "The transformation is everyone's job, take action".
Principle Based Architecture

Kiichiro Toyoda

1. Challenge
   "Always be faithful to your duties, thereby contributing to the company and to the overall good.

2. Seek Perfection
   Always be studious and creative, striving to stay ahead of the times.

3. Direct Observation
   Always be practical and avoid frivolousness.

4. Respect for People
   Always strive to build a homelike atmosphere at work that is warm and friendly.

5. Humility
   Always have respect for spiritual matters, and remember to be grateful at all times.
Shingo Principles

The Shingo Principles of Operational Excellence

1. Respect every individual
2. Lead with humility
3. Seek perfection
4. Assure quality at the source
5. Flow and pull value
6. Embrace Scientific Thinking
7. Focus on process
8. Think systemically
9. Create constancy of purpose
10. Create value for the customer
Natural Business Laws that Govern the Consequences of Business

(Timeless)

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(Outcomes)

- Customer Results
- Alignment of Enterprise
- Process Improvement
- People Enabled
## Behavior Matters; Numerical Score

**BEHAVIOR ASSESSMENT**

1. Frequency of action  
   (Rare to Constant)

2. Duration of doing action  
   (Initiated to Culturally Engrained)

3. Intensity of Commitment  
   (Apathetic to Tenacious)

4. Scope of action  
   (Isolated to Enterprise)

5. Role  
   (Associate to Principle)

**Driving Category**

- Customer Results
- Alignment of Enterprise
- Process Improvement
- People Enabled
Shingo Transformational Process
System Definition

A system is an organized collection of parts that are highly integrated to accomplish an overall goal or objective.
Tools and Systems

What do your systems look like today?

Employee / Process Control  Standardized Work
Level Scheduling            Planned Maintenance
Reduction of Variation      Pull Systems
Supplier Development        Office Layout
Value Stream Mapping        Inventory Control
Workplace Organization      Accounting
Process Capability          Product Development
Error Proofing              Innovation

Often, current systems are perfectly designed to take up over 100% of the available time, not integrated, and waste is disguised as useful work.
A system is an organized collection of parts that are highly integrated to accomplish an overall goal or objective.
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Create Value for the Customer

- Measure What Matters
- Align Behaviors with Performance
- Identify cause and effect relationships
Results, Measure What Matters

Create Value for the Customer

Specific in that they are specific and they target the area one is measuring.

Measurable in that one is able to collect data which is accurate and complete.

Actionable in that they are easy to understand and its clear when chart your performance overtime which direction is good and which direction is bad so that one knows when to take action.

Relevant in that one does not have to measure everything including those that irrelevant. There is a common trap of trying to measure everything one has to avoid.

Timely in that one can get data when they need it. Its real time.

Value Driven
(Customer Focus)

Move the Dial
(Direct Linkage)

Drives Action
(Instant Feedback, Cycle of Measurement)

Linked to Principles and Vision
Start With an Assessment of the Entire Current State

Shingo Transformational Process

RESULTS

Culture (Behavioral Evidence)

SYSTEMS

TOOLS
## Assessment

### Area

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<th>Area</th>
<th>Focus</th>
<th>Round</th>
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*See Shingo Guidelines for specific focus

### Key Questions

1. What do you do when you see a problem in your area?
2. What support do you receive when you are fixing a problem?
3. What was the last time you were recognized or awarded something?
4. Who awarded you? What was it of? Can you show me the award?
5. If you could change and improve ONE thing in your area that would make life easier, what would you change? Tell me about how you would make that change, what is the process?

### NOTES & OBSERVATIONS:

- 
- 
- 
- 
- 

### PEOPLE

**Round 1.**
- 10 min. prep.
- 45 min. in area
- 45 min. team consensus
- 5 min. report out
- 10 min. prep for next area

### PROCESS

**Round 2.**
- 45 min. in area
- 45 min. team consensus
- 5 min. report out
- 10 min. prep for next area

### ALIGNMENT

**Round 3.**
- 30 min. in area
- 30 min. team consensus
- 5 min. report out
1. Identify Systems in the observed area.
2. Create Swim Lane for each System
3. As a group, discuss and identify the Level of overall behavior driven in the system, Level 1 through Level 5
4. Identify KEY Opportunities and Strengths for the System
   (The opportunities should help the system get to the next level)
5. Repeat steps 1 – 4 for the next system
1. Identify KEY Opportunities and Strengths for the System
(The opportunities should help the system get to the next level)

<table>
<thead>
<tr>
<th>Recognition System</th>
<th>Level 1</th>
<th>Level 3</th>
<th>Level 5</th>
<th>Strengths</th>
<th>Opportunities</th>
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<td>System Standardized</td>
<td>Actions for consideration</td>
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<tr>
<td>Communication System</td>
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<td>A lot of Ideas</td>
<td>Actions for consideration</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Great enthusiasm</td>
<td>Actions for consideration</td>
</tr>
</tbody>
</table>
Objectives

1. Lead a principle-based cultural transformation
2. Move beyond a “tool/result” focus
3. Connect Tools, Systems and Principles to achieve key results
4. Sustain ideal behavior
Three fundamental paradigm shifts are embedded into the Shingo model for organization improvement.

When these new paradigms are well understood and acted on, cultural transformation can be accelerated. The new paradigms are:

1. There is a clear and strong relationship between principles, systems, and tools.
2. Operational excellence requires focus on both behaviors and results.
3. Business and management systems drive behavior and must be aligned with correct principles.

The Shingo Prize has three areas of focus: education, assessment, and recognition.
THANK YOU

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