



evolve superior implementation technology

Integrated Approaches to Process Excellence

Seth Tyler and John Norcross
Evolve Partners LLC

Energy Process Excellence Network
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evolve



Our focus this morning is to share ...

Outputs & Insights

... from the pre-conference survey

... based on the survey and our experience in implementing process excellence.



About Evolve

- Houston-based implementation consulting firm
- Specialists in helping clients develop and implement their own major business improvement programs that deliver results and build capability
- Leverage an integrated approach across the dimensions of results, processes, systems, behaviors and change leadership
- Focused on oil, gas and chemical industries
- Track record of successful programs with many of the companies in the room today

January 25, 2010

The Wall Street Journal

OPERATIONS

Where Process-Improvement Projects Go Wrong

Six Sigma and other programs typically show early progress. And then things return to the way they were.

By SATYA S. CHAKRAVORTY

What do weight-loss plans and process-improvement programs such as Six Sigma and "lean manufacturing" have in common?

They typically start off well, generating excitement and great progress, but all too often fail to have a lasting impact as participants gradually lose motivation and fall back into old habits.

The Journal Report

See the complete [Business Insight](#) report.

Many companies have embraced Six Sigma, a quality-control system designed to tackle problems such as production defects, and lean manufacturing, which aims to remove all processes that don't add value to the final product. But many of those companies have come away less than happy. Recent studies, for example, suggest that nearly 60% of all corporate Six Sigma initiatives fail to yield the desired results.

We studied process-improvement programs at large companies over a five-year period to gain insight into how and why so many of them fail. We found that when confronted with increasing stress over time, these programs react in much the same way a metal spring does when it is pulled with increasing force—that is, they progress through "stretching" and "yielding" phases before failing entirely. In engineering, this is known as the "stress-strain curve," and the length of each stage varies widely by material.

“60% of all corporate Six Sigma initiatives fail to yield the desired results.”

How do we improve upon this track record and create real, sustainable change in our operations?

Process Excellence: A Definition

(n) - The set of tools, methodologies and approaches aimed at continuously improving the effectiveness and efficiency of activity, information, product and service flows from suppliers to customers, while at the same time developing the sustainable capability of the people who support these processes.

A silver pen with a perforated grip is positioned diagonally on the right side of the image. On the left side, there are three checkboxes. The top checkbox is checked with a blue checkmark, while the middle and bottom checkboxes are empty.

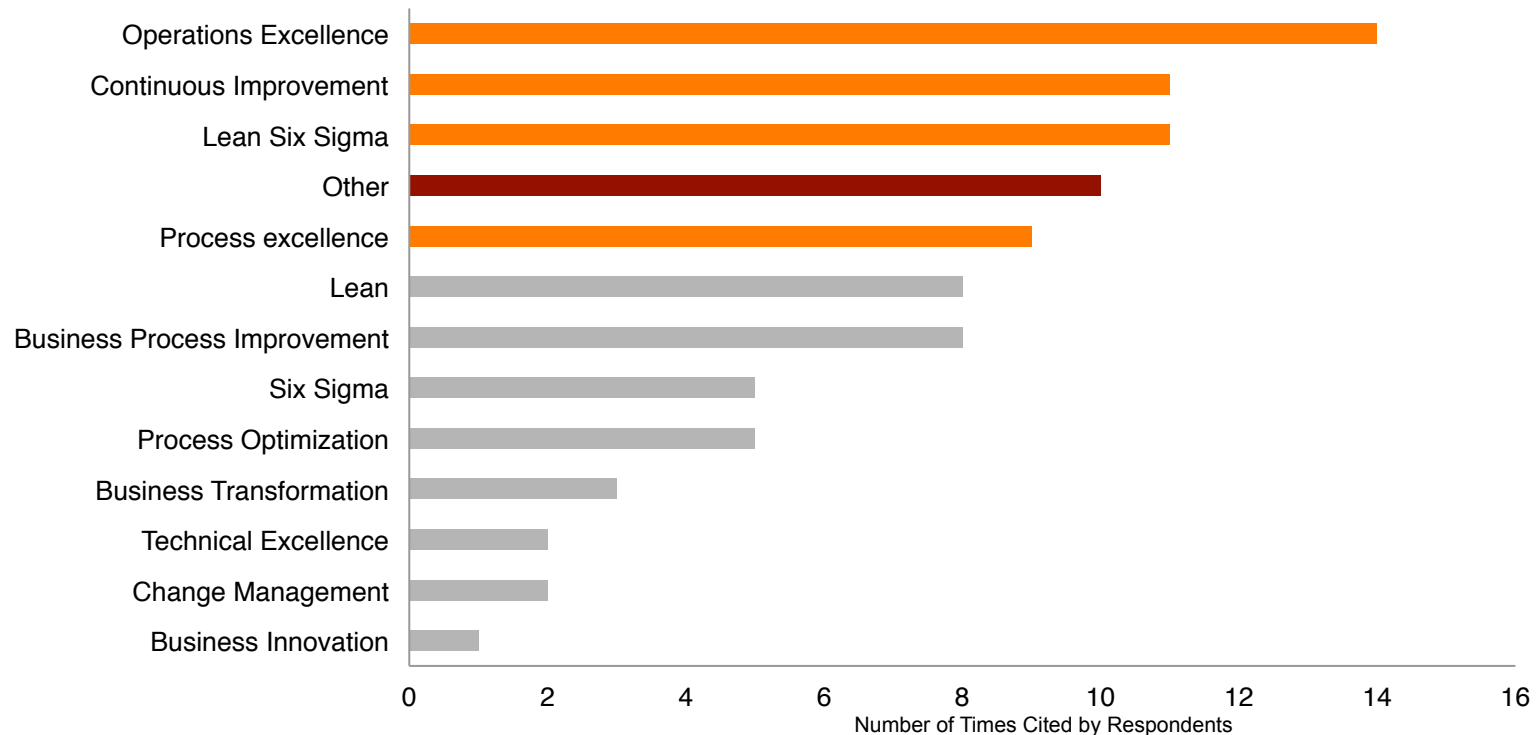
About the survey ...

- 18-question survey sent to participants plus invited participants
- 41 responses
- Vast majority of responses were from leaders in the oil and gas sector
- Results are not necessarily representative or statistically significant

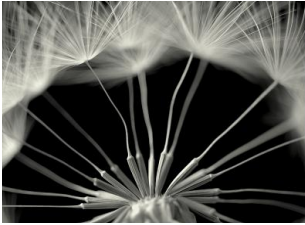


“Process Excellence” goes by many names ... even within a single organization

What Does Your Company Call “Process Excellence”?

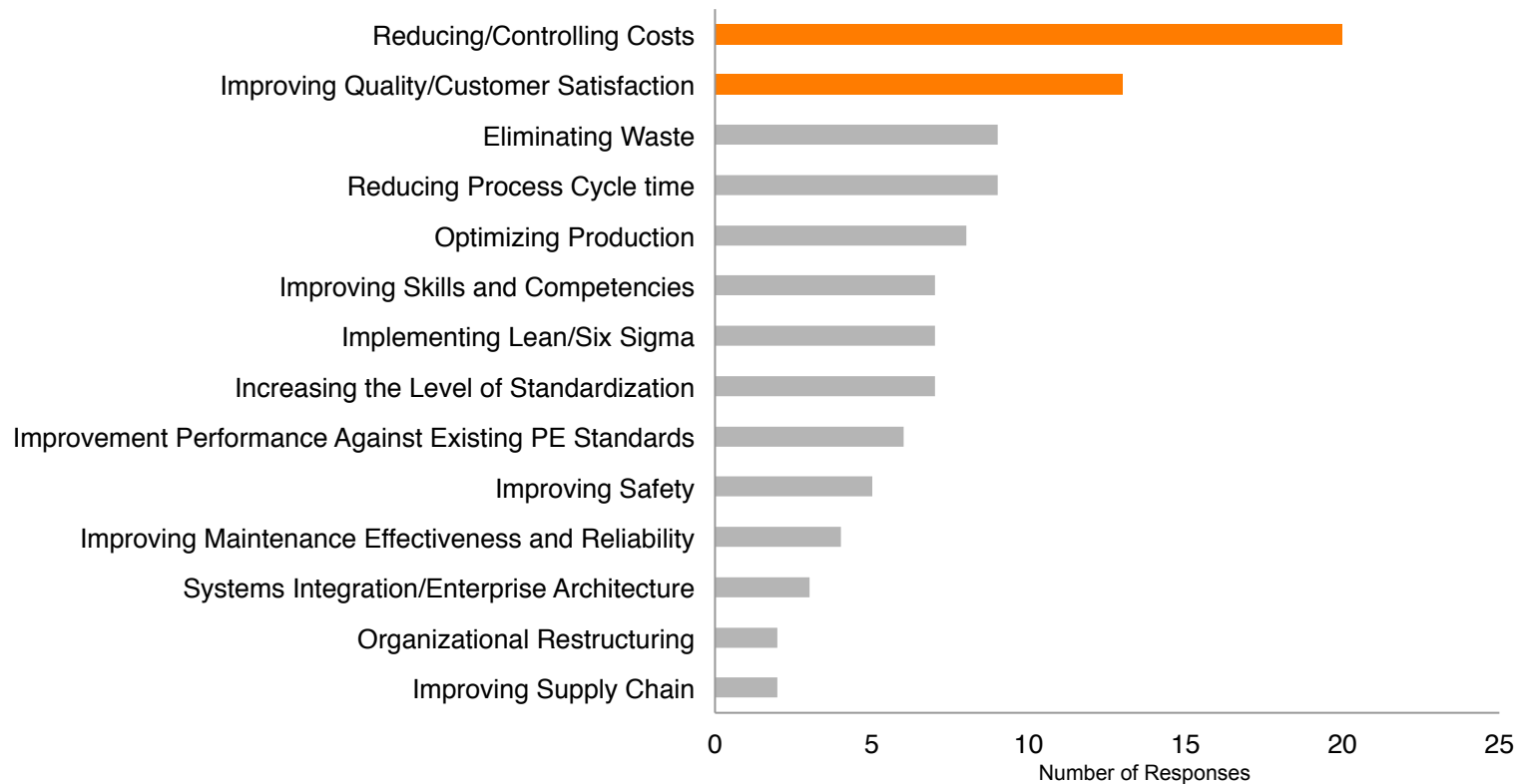


In our experience, companies make a distinction between WHAT needs to be excellent (e.g., Operations, Process) versus HOW to achieve that excellence (e.g., through Lean, Six Sigma, Technology or Innovation).



Reducing cost is the current priority for process excellence

Top Three Priorities over next 6-12 Months

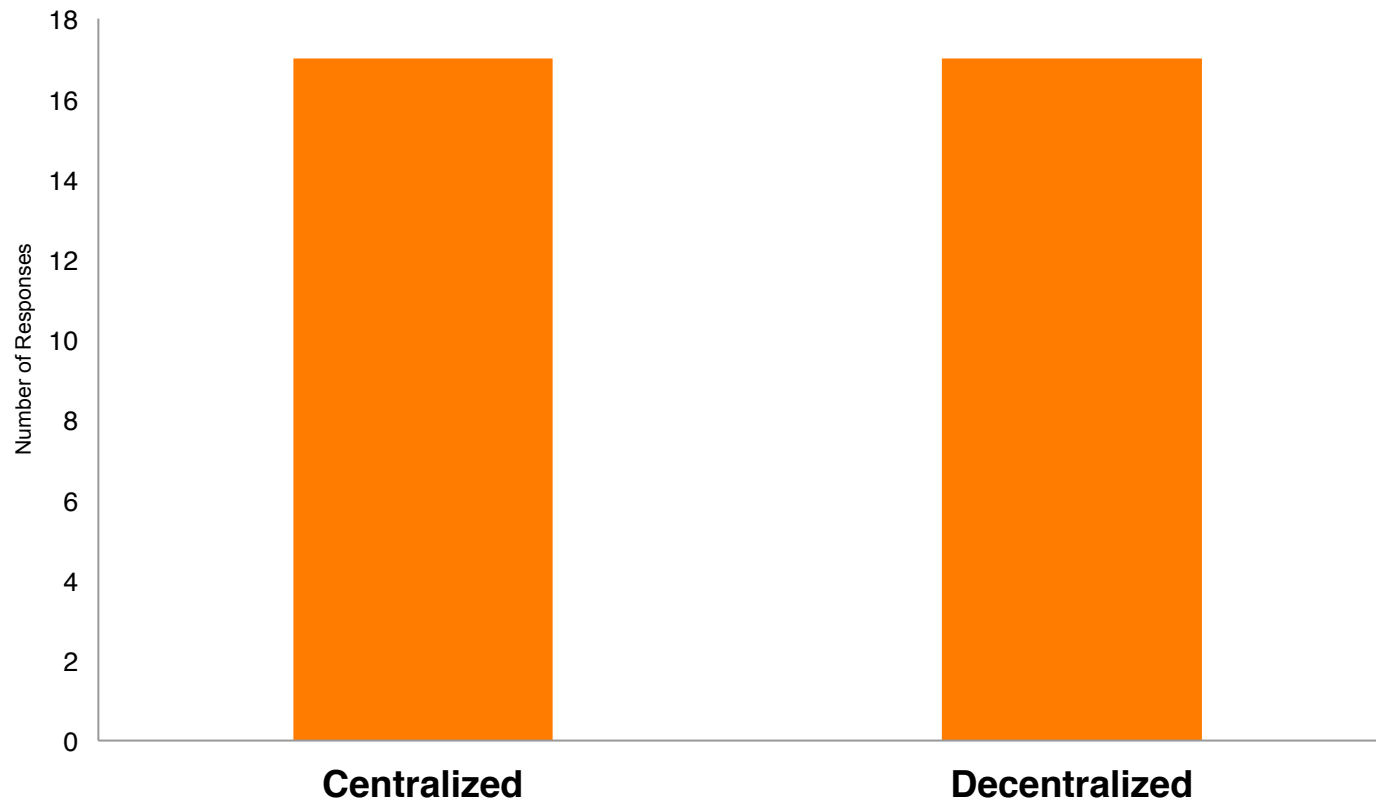


Teams focusing on process excellence still have to deliver the goods when it comes to hard, financial benefits.



According to respondents, there is no single *structural principle* for the organization driving process excellence

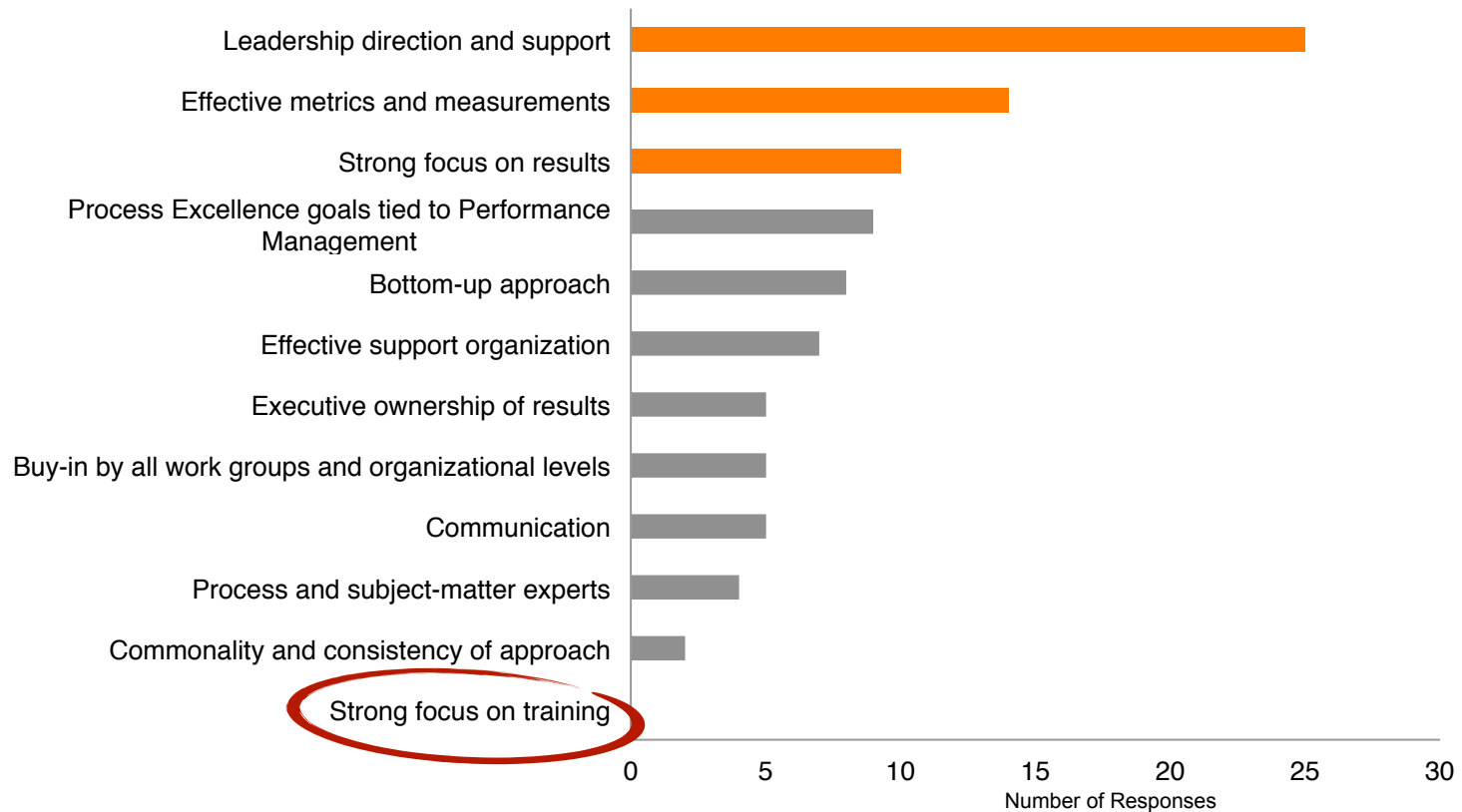
Is the Organization that Drives Process Excellence Centralized or Decentralized?





Leadership direction and support is the overwhelming “critical success factor”

Top Three Critical Success Factors

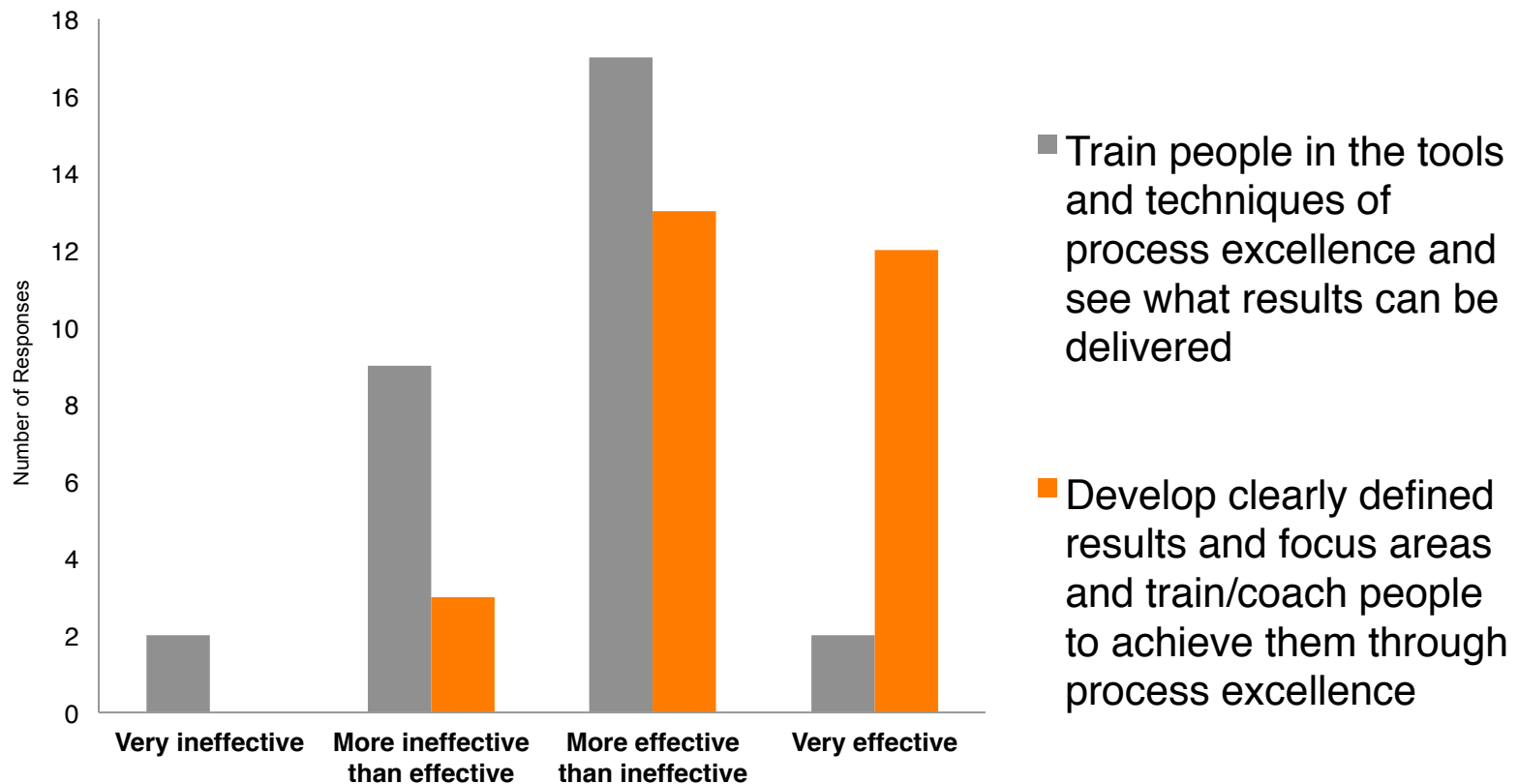


It is interesting to note that a strong focus on training is not seen as a critical success factor, yet this is where a lot of process excellence programs start.



Although training is seen as effective, it appears to be more effective when results expectations and focus areas are defined upfront

How effective are these approaches?



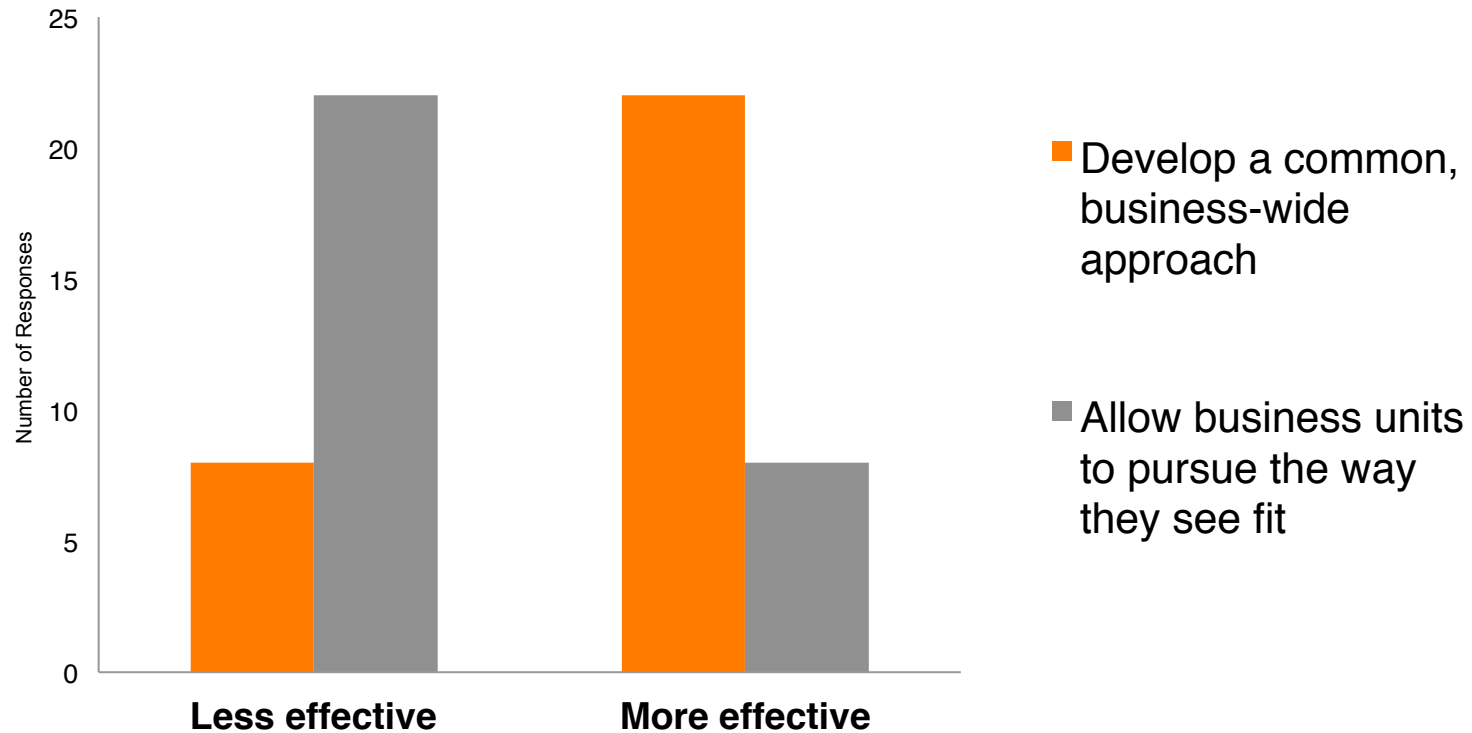
Challenging the organization to deliver a stretching result presents the opportunity for change agents to develop relevant skills and capabilities to “rise to the occasion”.





A common business-wide approach is seen as more effective than independent pursuit of process excellence ...

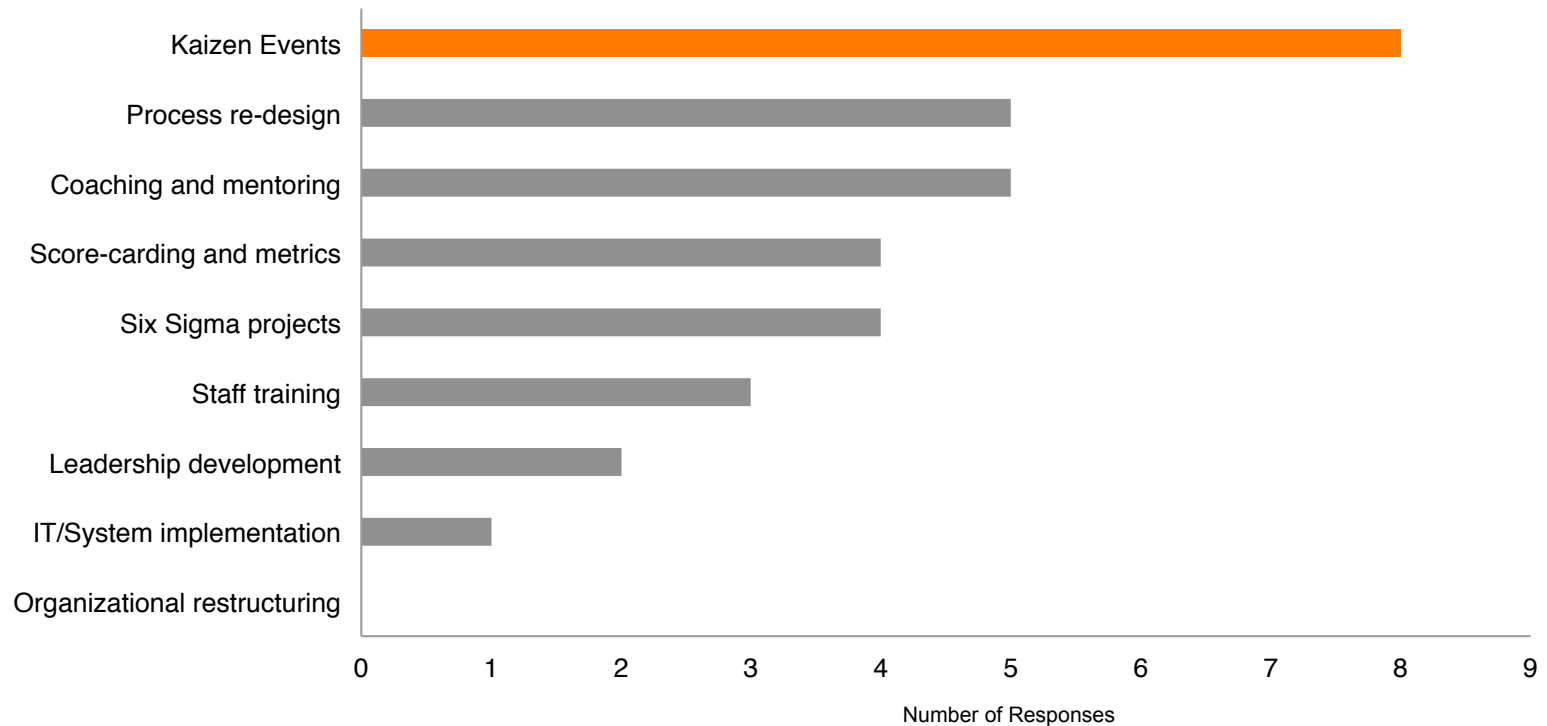
How effective are these approaches?





... but it's the “little” things, like Kaizen events, that provide the greatest benefit

What interventions are providing the greatest benefit?



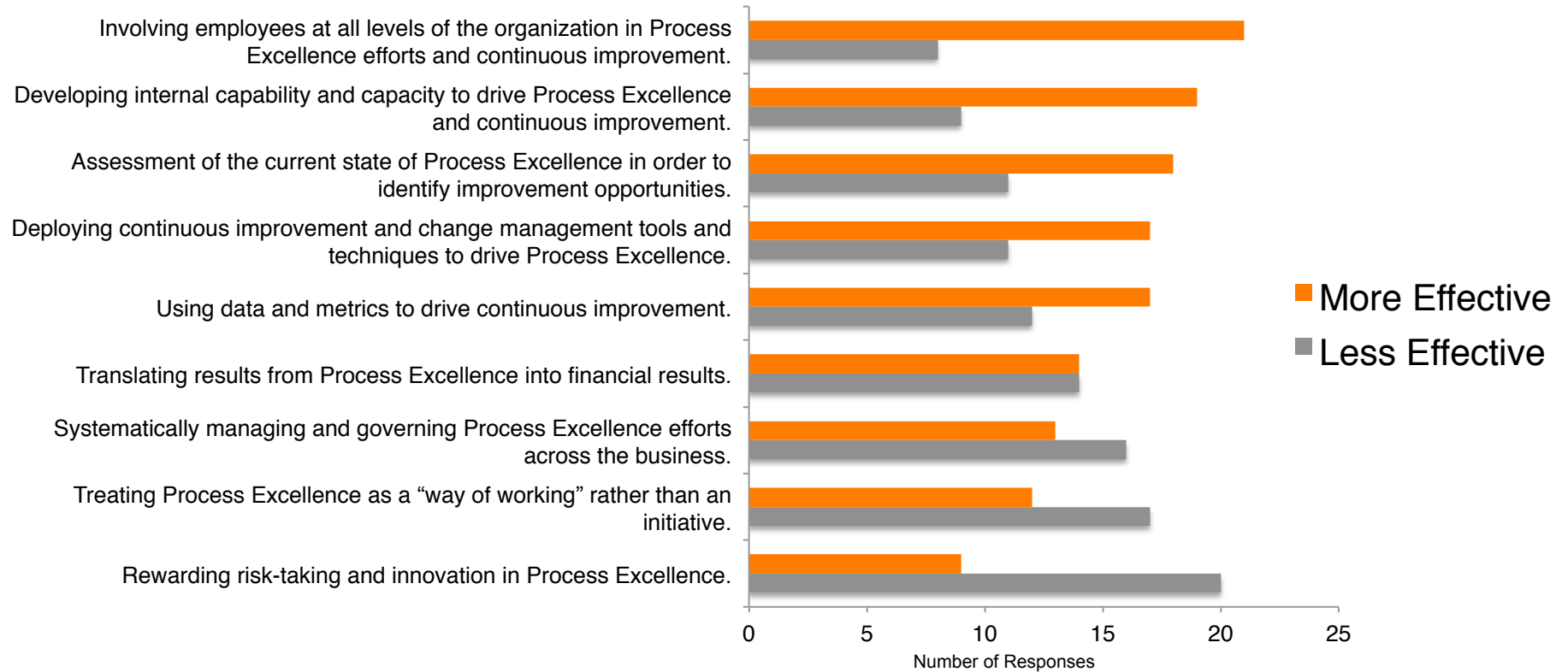
Kaizen events are a good example of interventions that combine skill and capability development with the pursuit of a tangible operational improvement result.





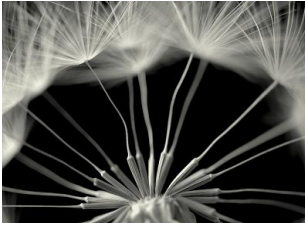
Respondents rate themselves as “effective” at employee involvement and developing internal capability

How Effective is Your Organization in the Following Areas?



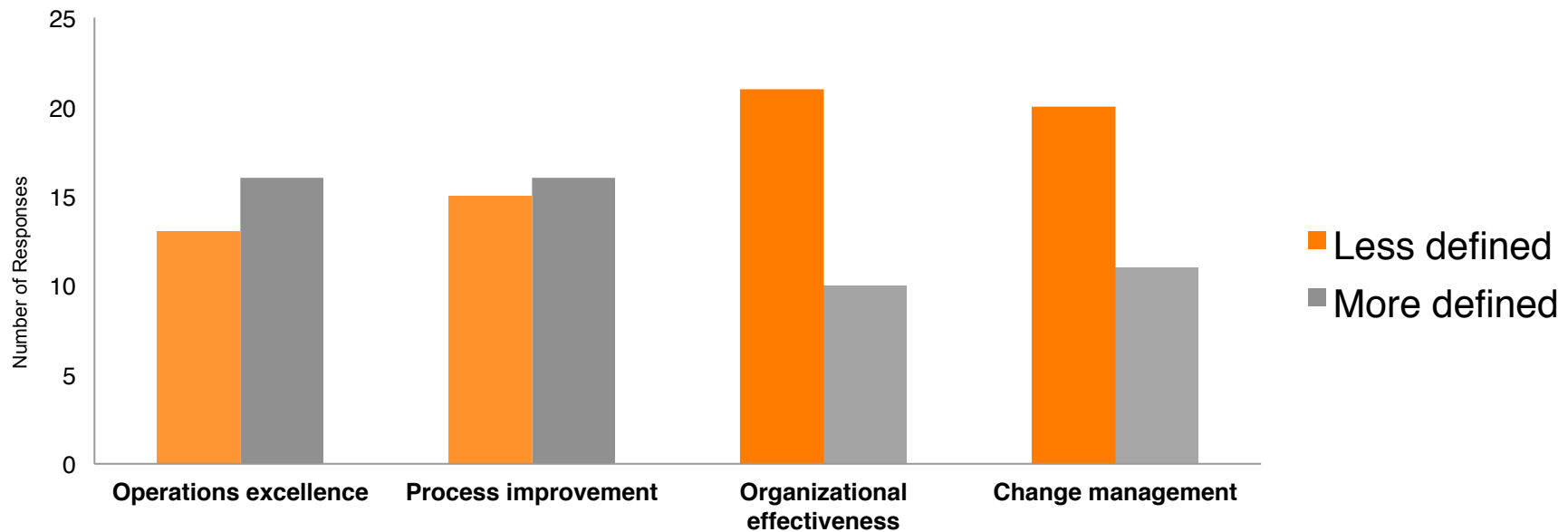
However, there is a challenge in rewarding risk-taking and innovation, moving process excellence beyond being an “initiative” and systematic management of process excellence efforts across the business.





Methodologies are more robust in “technical” areas as compared with the “softer” side of continuous improvement

How well defined is your company's methodology in these areas?

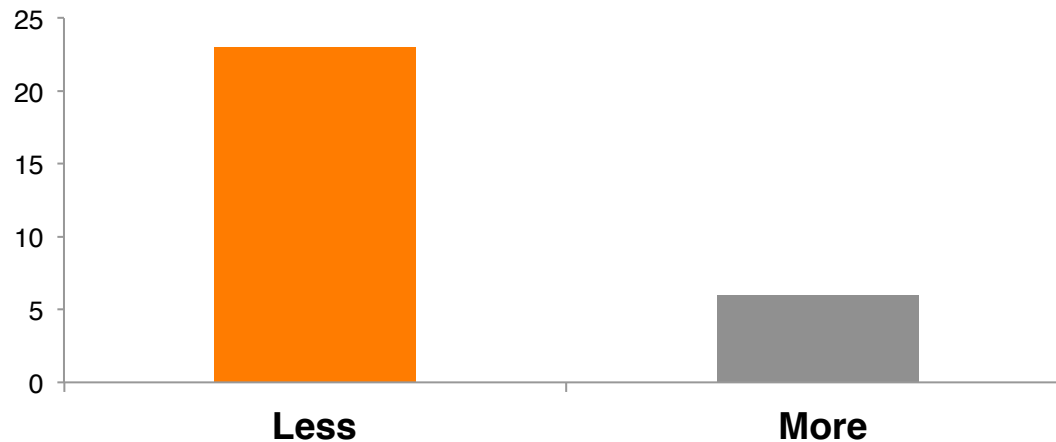


There is an opportunity to more clearly define and communicate methodologies, particularly in the areas of organizational effectiveness and change management.



There is also an opportunity to integrate the various elements of process excellence

To What Extent Are the Components of Process Excellence Integrated (i.e., Operations Excellence, Process Improvement, Organizational Effectiveness and Change Management)?

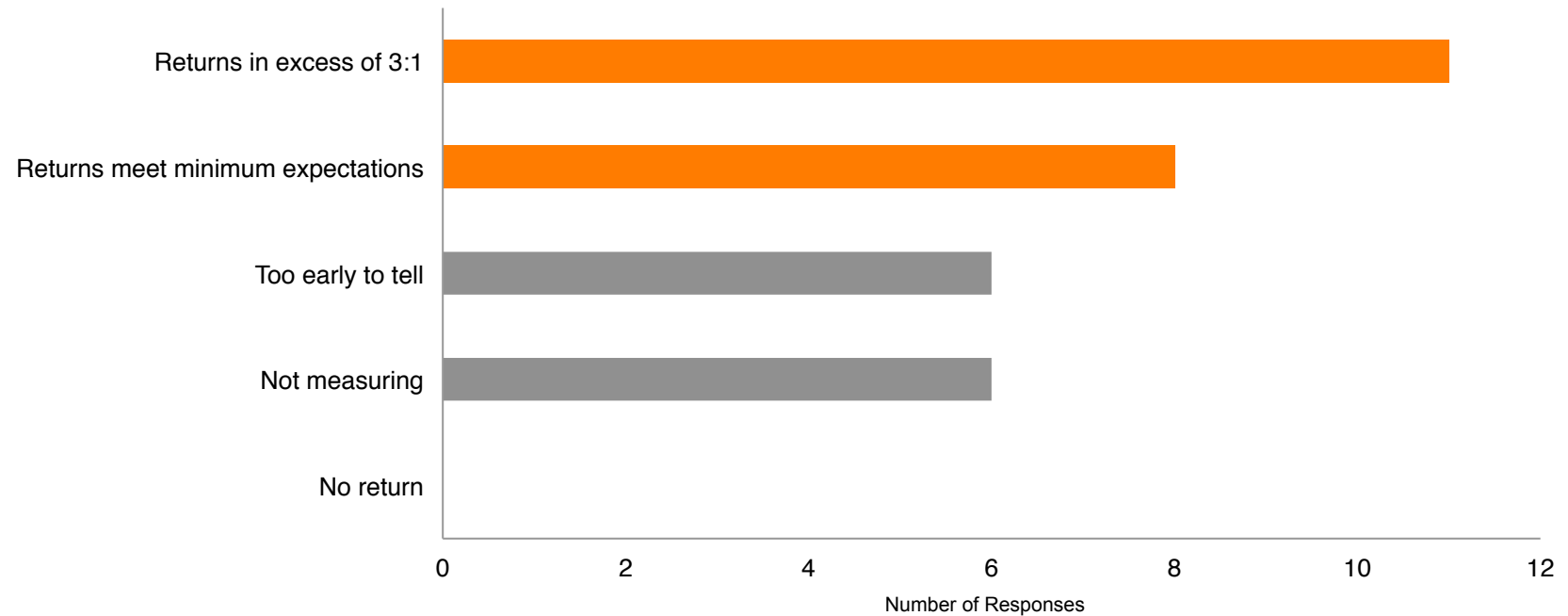


An *integrated* approach helps people see how improvements in one area of process excellence enable, or reinforce, others to deliver greater value.



There is a strong view that process excellence is providing a financial return

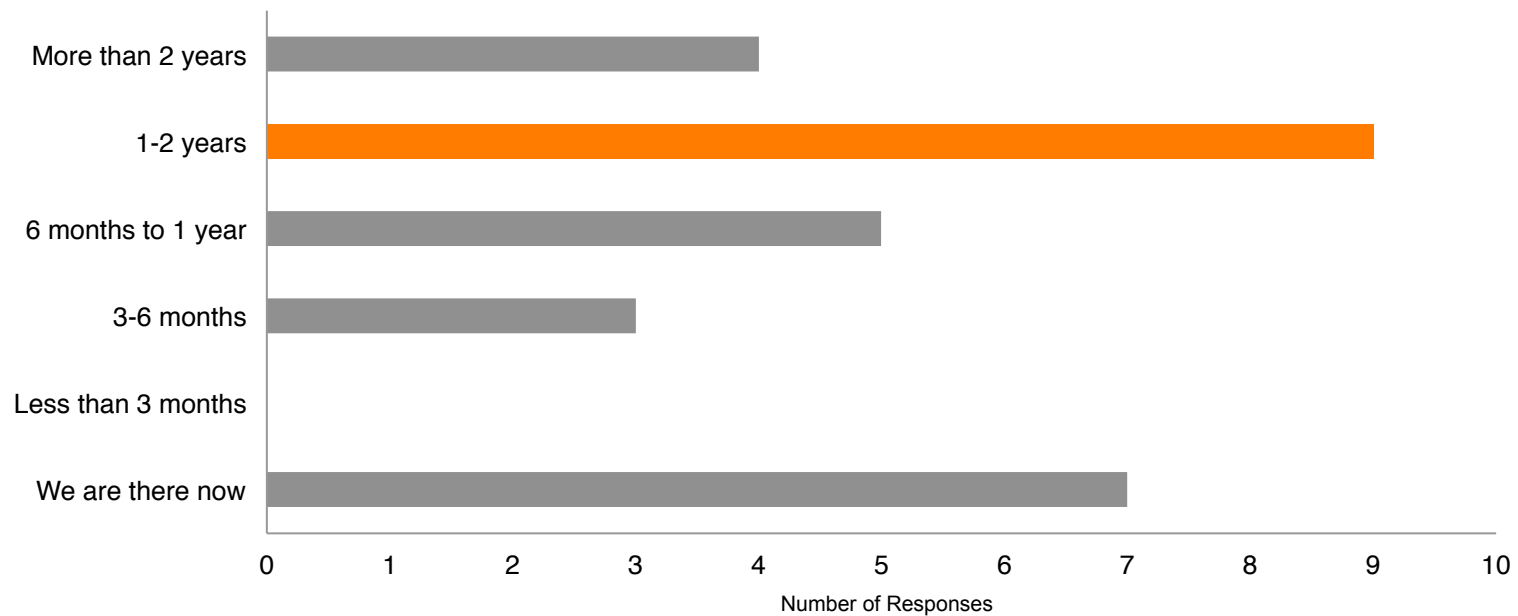
What level of financial return has your company achieved through the implementation of Process Excellence?





The majority of respondents feel that current efforts will take a year or more to deliver results, although many are already realizing benefits

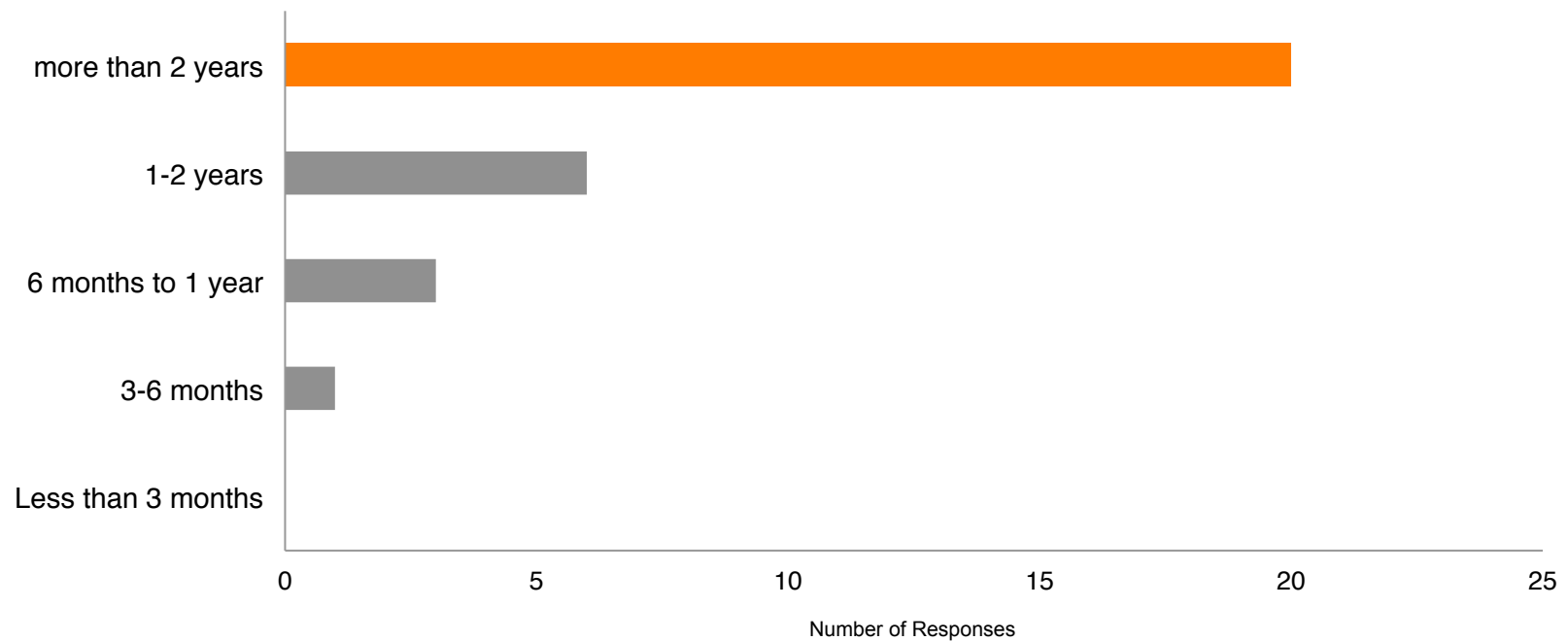
How long do you feel it will take for your current Process Excellence efforts to deliver solid financial results and make significant business improvements?





And overwhelmingly, the view is that it takes more than two years to change the culture

How long do you feel it takes to embed Process Excellence as “the way we do things around here”?





What we take from this survey

- There is little commonality within companies, let alone between them, so it makes clarity and consistency in approach all the more important.
- Visible leadership commitment and sponsorship continues to be critical.
- Efforts will be more effective if they focus on a results-driven approach instead of a training-driven approach.
- There is a real need to tie together process excellence efforts with behavior and culture change.

An Agenda for Energy Process Excellence in 2011

- **Thinking Outside of the (Tool)Box**
 - Augmenting the focus on deploying improvement “tools” (value-stream mapping, statistical analysis, SOPs, audits) with an emphasis on behavior, culture and new “ways of working”.
- **Delivering in the Short Term ... Building in the Long Term**
 - Continuing to rally the organization around stretching results, and challenging teams to create improvements that deliver tangible benefits while at the same time recognizing that sustainable culture change is not achieved overnight.
- **Keeping it Big and Small**
 - There is value in having a common and consistent approach to process excellence across the business, a common *vehicle for implementation* ... AND ... that people really only learn about making change happen through small, local interventions where the “work gets done”.
- **Integration**
 - There is value in integrating not only process excellence approaches, methodologies and elements, but also in integrating the focus on results, processes, systems, behavior and leadership of change.

The real challenge ... *ownership*

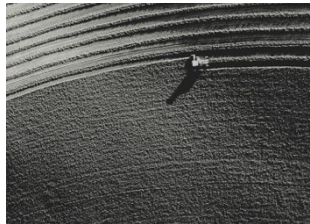
Expert Practitioners

Line Leadership





- Seth Tyler
- seth.tyler@evolve.cc
- +1 (281) 974-6979



- John Norcross
- john.norcross@evolve.cc
- +1 (508) 667-3103