

55th EOQ Congress
World Quality Congress
Budapest, Hungary - June 20-23, 2011

"Navigating Global Quality in a New Era"



June 21, 2011 (Tuesday) 55th EOQ Congress

**KEMPINSKI HOTEL CORVINUS
BALLROOM**

**Erzsébet tér 7-8, Budapest V.
Tuesday 9:00 – 10:30**

8.2. OPENING PLENARY SESSION

Tuesday 11:00 – 12:30

Session Chair: *Pál Molnár, President, Hungarian National Committee for EOQ and Professor at the University Szeged, Congress Chairman, Hungary*

11.30 Cultural Transformation: Providing the Leading Edge in Navigating Global Quality

*Charles Aubrey, Vice President for Quality and Performance Excellence
Anderson Packaging, Inc. an AmerisourceBergen Company, USA*

Aubrey, Charles (USA), Vice President of the International Academy for Quality (IAQ)

Charles Aubrey is currently Vice President Performance Excellence and is a Master Black Belt at Anderson Pharmaceutical Packaging. He was formerly President and is now Chairman of the Asia Pacific Quality Organization and their Representative to the World Alliance for Quality. In addition, Charles is an Academician and Vice President of Conferences for the International Academy for Quality. He is a former President and Chairman of the American Society for Quality and is also a Fellow of ASQ. He was a Senior Examiner for the Baldrige Performance Excellence Program for four years and is a retired Captain from the United States Navy.

Chuck is the 2006 recipient of Harrington/Ishikawa Medal for his extensive contributions of quality education and implementation in Asia. He received the Shanghai Magnolia Quality Contribution Award in 2007 for significantly assisting the development of quality in China. In 2010 he was awarded the Yoshio Kondo Academic Research Prize. He is an Honorary Member of the Argentine Quality Association and the Philippine Society for Quality.

He has published over 100 articles and papers that have been translated into a variety of languages. He has written two books, Quality Management in Services and Teamwork-Involving Employees in Quality and Productivity.

CULTURAL TRANSFORMATION: Providing the Leading Edge in Navigating Global Quality

Charles Aubrey, Vice President Quality and Performance Excellence

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Summary

Continuous improvement has become one of the most important processes in organizations today. Whatever the specific approach; TQM, Six Sigma, Lean, Process Management and Improvement or Kaizen, the culture of the organization must support that approach. If the culture does not foster the approach, support the behavior and activities, reinforce the discipline, motivate and reward the actions and results, then the continuous improvement process will fail.

Keywords: 1. Culture, 2. Continuous Improvement, 3. Business Performance

Introduction/Background

The senior leadership team must define what culture they want. They can do this by determining their values or behavioral attributes that represent that culture they want to establish. Once the behavioral attributes are determined then questions to measure the values and therefore the culture can be used to determine the “as is” culture. Once a group of employees answer the questions then cultural strengths (for leveraging) and areas of opportunity (for improvement) can then be identified for improvement.

Culture can be defined, measured, and changed. It can be changed to support the type of continuous improvement process the organization wants to implement. However, it is hard work and takes time to make the change. The change can be well worth the effort but must have the commitment, involvement and patience of the senior leadership team.

Interestingly enough, whatever the continuous improvement approach that the organization is utilizing, if it is successful, it can be used to improve the cultural areas of opportunity. The result is a culture strengthened by the continuous improvement process and a continuous improvement process strengthened by the culture. Therefore a new “future state” of the culture is established. This new state enhances the results of the continuous improvement process. Both human as well as financial measurements prove that when the culture is strengthened continuous improvement is more successful. This improvement in both culture and continuous improvement significantly increases both profit margins and growth of the organization.

Methodology/Application

Anderson completed a culture survey and almost 400 employees participated voluntarily. We called it a culture survey rather than an employee satisfaction survey.



Figure 1-Corporate Culture

Why? The senior leadership team earlier in the year had articulated 7 values. These are values that have been important to Anderson since 1967, but had never been written down. The senior management team, after writing them down, wanted to determine how well they were accepted, adopted, and practiced at API. It was the intent of the senior management team to measure them, so they developed 87 questions around the 7 values.

These values are: **M**anage with Information and Metrics, **E**mpower Employees, **T**eamwork, **R**espect and Ethical Behavior, **I**mprove and Innovate, **C**oach/Mentor and Make a Difference, and **S**urpass Customer Expectations.

This was done to make it clear throughout the organization what Anderson stands for, how to operate and what we expect from each employee. It is the responsibility of management to hold all employees, including themselves, accountable for adhering to these values as we do our jobs everyday.

Anderson Packaging, Inc., The Survey

Manage with Information & Metrics:

- Employees are expected to meet all deadlines on time
- Efficiency is a top priority at Anderson Packaging, Inc.
- This company makes decisions quickly enough

Empower Employees:


- Employees here are given the authority to make the decisions that they need to make
- I have had the training [that] I need to do my work well
- I feel free to offer comments and suggestions

Teamwork:

- I feel part of a team with a shared goal
- There is a spirit of teamwork at Anderson Packaging Inc.
- Management seeks employee input to help make decisions

Respect & Ethical Behavior:

- Work-life balance is supported
- All employees are treated with respect
- The people at Anderson Packaging Inc. will not tolerate unethical behavior



Lean Six Sigma

Figure 2- The Survey

Anderson Packaging, Inc., The Survey

Improve and Innovate:

- I am encouraged to have new ideas
- We are always looking for ways to reduce waste for our customers
- Continuous improvement of our customer processes always is a priority

Coach, Mentor & Make a Difference:


- Management really listens to what employees have to say
- The personal career growth of employees is important to this company
- Management always demonstrates how important our customers and their products are here

Surpass Customer Expectations:

- Customer service is a top priority at Anderson Packaging Inc.
- Decisions are made here with a bias towards the customer
- I know how my work affects or touches the customer

Response Scoring -

Disagree	Disagree	Neutral	Agree	Agree
Strongly	Somewhat	Neutral	Somewhat	Strongly
1.....	2.....	3.....	4.....	5



Lean Six Sigma

Figure 3- The Survey (Continued)

- 1. Manage With Information and Metrics:**
 We should always make decisions and take actions in our work with clear, understandable data and measurements. If we don't have the appropriate information we should ask for it or ask for help before we act or decide.
- 2. Empower Employees:**
 Management should appropriately delegate and instill in qualified employees, the responsibility and authority to take work actions, make decisions, eliminate waste and continuously improve their work and work area.

3. Teamwork:

Whenever possible teams should be formed to do work, address issues, remove waste and drive for continuous improvement. Broader diversity, experience, education and backgrounds provide synergy and generate solutions.

4. Respect and Ethical Behavior:

Everyone must respect each other, appreciate their differences and work as team mates. Treat your coworkers as you would like to be treated. Everyone must also follow all procedures, rules, regulations and laws and bring to management's attention anyone who fails to do so.

5. Improve and Innovate:

It is everyone's responsibility to look for better ways to do things – everything can be improved and every process has waste. We strive to train every employee with the appropriate level of skills to identify these improvements and waste. Employees, with proper approval, can change the standard way we do things.

6. Coach, Mentor and Make a Difference:

Everyone can be a coach and mentor. When a new employee starts in your department, someone wants to know how your department works, or how you do your job, you can be a teacher or a coach. Helping others become better performers or do new things is exactly what being a coach and mentor is all about and truly makes a difference.

7. Exceed Customer Expectations:

While it is absolutely necessary to meet all of our customers' standards, specifications, requirements and delivery dates, that is not enough. Everyone should look for ways to exceed these customer requirements and expectations. How can we eliminate waste like scrap? – this saves the customer money. How can we improve the processing? – finish and be able to ship to the customer sooner. How can we make sure that we don't have errors on the batch record? – right the first time for the customer.

The purpose was to identify where Anderson was weak so that we could apply our Lean Six Sigma Process to better reflect our values and improve our culture. You can see from the graph below that the number/percentage of people who answered the survey believe our culture, as defined by our values is very satisfactory. Our average score is 81

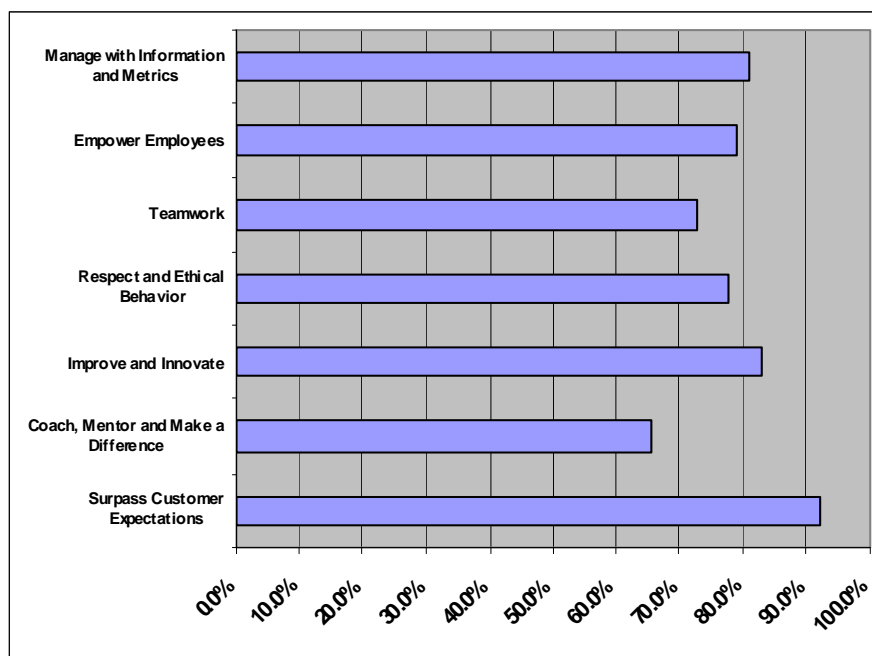


Table 1- Survey Score Percent Very Satisfied

The specific strengths that employees were particularly satisfied with and recognized were: individual learning is encouraged, job enjoyment, meeting customer requirements, continuous improvement within the company, and teamwork/shared goals.

There were some areas where employees were not so satisfied which included communication, rewards for improving work processes and the importance of personal career growth.

Findings/Implications

The senior leadership was very focused on improving the weaknesses so they used the Lean Six Sigma process to identify the root causes and put solutions into place.

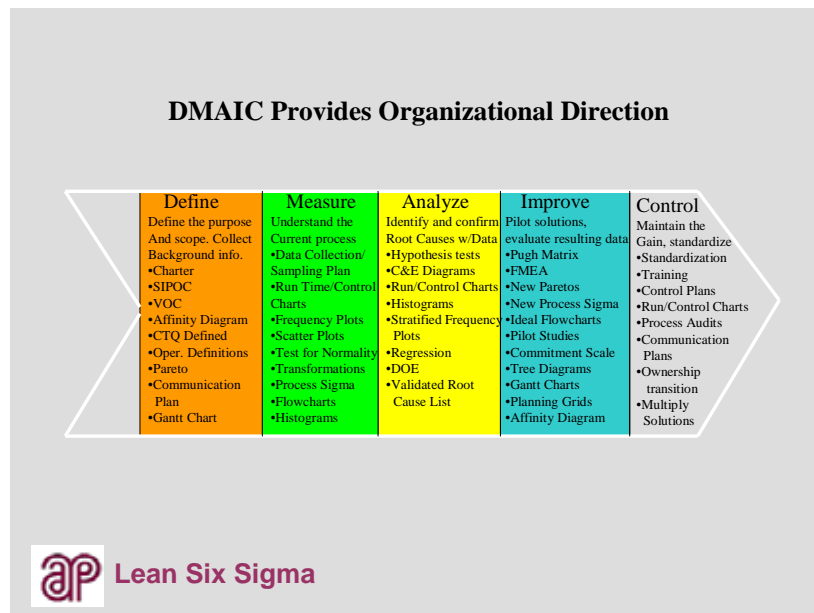


Figure 4- DMAIC Problem Solving Method

Actions for improving communications included: formal communication plan, CEO meeting regularly with leadership and all employees, VPs/directors/managers meeting regularly with all their employees, and creation and publication of the newsletter. For rewards for improving work processes the actions are: individual reward program, team reward program and team competition, and performance appraisal for Belts and team members. The actions for rewarding personal career growth are: implementation of company-wide succession planning, utilization of career development goals to establish development activities, and mentoring in selected areas.

As you can see, senior management took the values and our culture very seriously. They spent the requisite time and resources to make significant improvements.

But, the job is not over. We once again will conduct a culture survey to measure the results of these solutions and find the next set of improvement opportunities so we can continue to have superior performance.

Anderson Performance

	<u>Actual 2006</u>	<u>Actual 2007</u>	<u>Actual 2008</u>
Staff	955	1,174	1,200
Sales	\$129M	\$159M	\$183M
Profit	\$15M	\$19M	\$24M



Table 2- Anderson Performance