

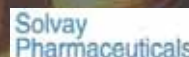
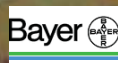
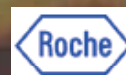
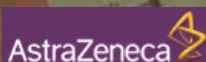
# *Cultural Transformation: Providing the Leading Edge in Navigating Global Quality*

**Charles Aubrey**

**Vice President Quality and Performance Excellence**  
Anderson Packaging, Inc. an AmerisourceBergen Company



## Anderson Packaging, Customer Base



## Corporate Culture

An organizational way of life that creates employee attitudes, beliefs, behaviors and actions through the accepted, routinely demonstrated management norms, practices, traditions, and symbols that are institutionalized through continuous communication, reward and recognition.



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## Hypothesis

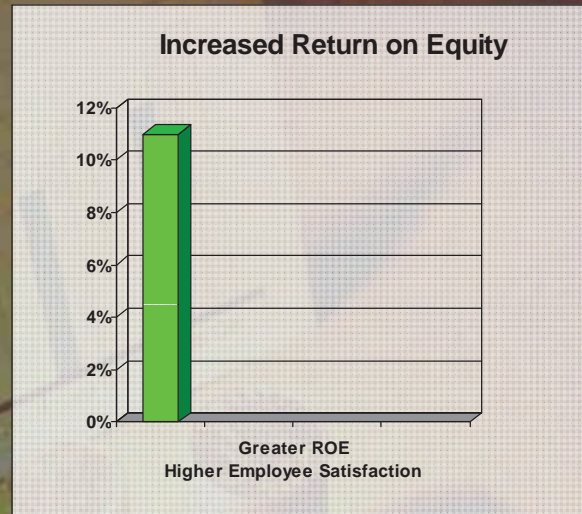
- **Employee satisfaction (culture) affects organizational performance**
- **Improvement in employee satisfaction drives a Lean Six Sigma culture and accelerates organizational performance**
- **Lean Six Sigma can be utilized to improve employee satisfaction (culture)**



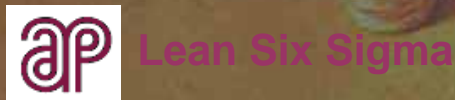
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## Human Resources Index (HRI) Fortune 1000 Industrials



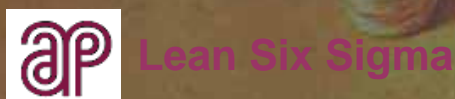
**Greater Average Annual Increase in Shareholder's Equity  
For Highest Employee Satisfaction - \$14.2MM**



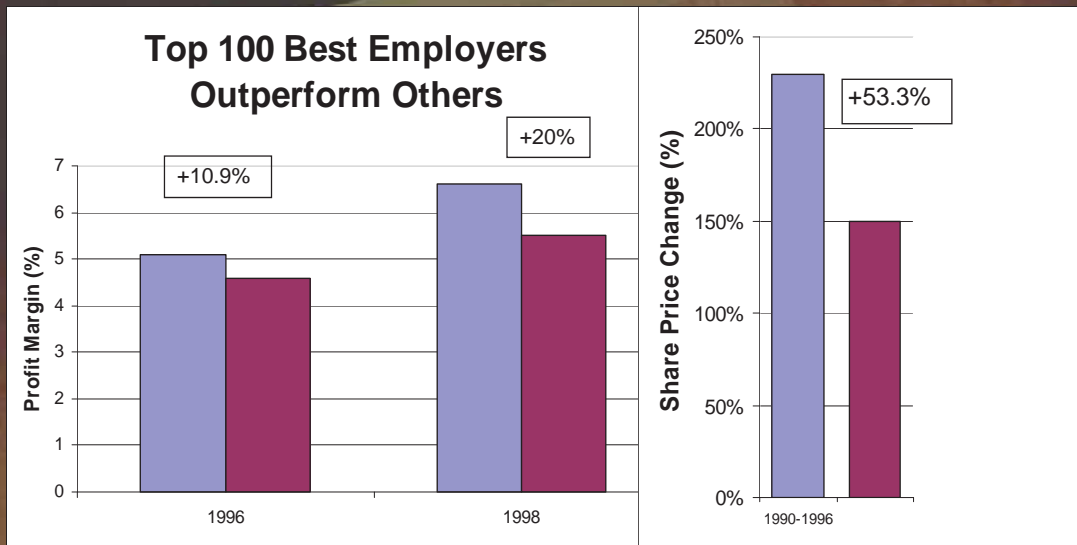
## Best Employers Benefit

“... researchers at Vanderbilt University found that good employers are more profitable and have better Share-price performance than the broader market and their industry peers. The researchers looked at the top 100 employers in the U.S., as ranked by Hewitt Associates in 1993 and 1998 surveys.”

© Bruce Gilley, “People and Profit”, September 13, 2001



## Culture and Performance (Margin/Stock Price)



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Top 100

Others

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## Sears 1990's Turnaround

For Sears 70% of its workforce was part-time status and turnover among its part-time workforce had become alarmingly high. Sears began measuring employee attitudes and satisfaction via a 70 question employee survey. The results of this survey were correlated to revenue and profit trends.

© 2007, Chris Young, Founder of The Rainmaker Group, Inc.

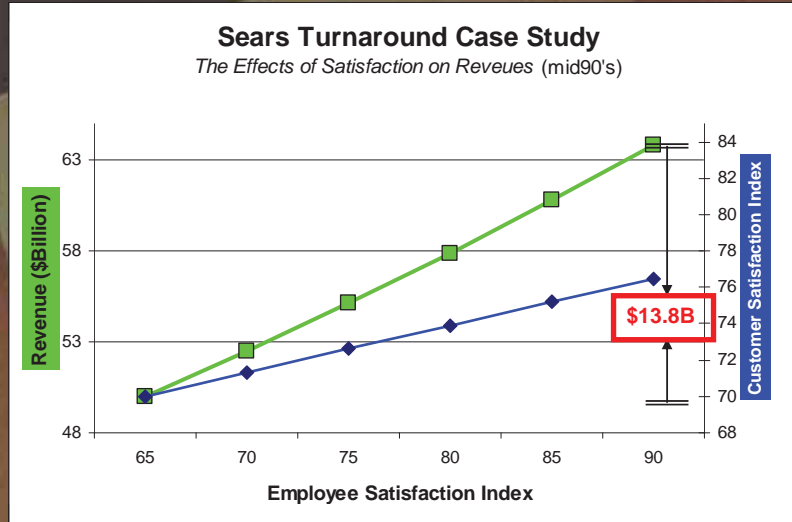


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# Sears 1990's Turnaround

How much are happier employees, and more satisfied customers, worth?



# IBM, Rochester



**Customer satisfaction and market share**  
An empirical case study of IBM's AS/400 Division  
From an article by Steven Hoisington and Tze-His Huang of IBM Rochester

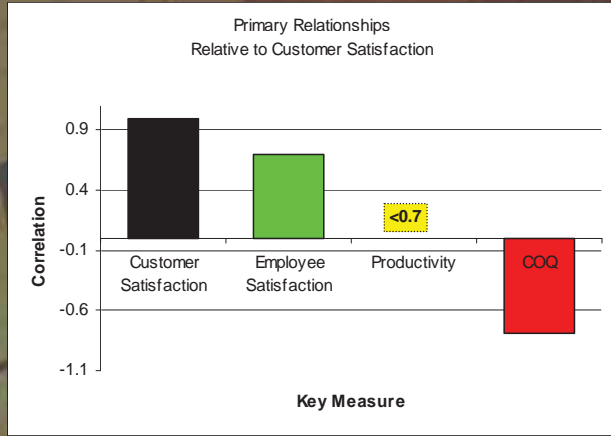
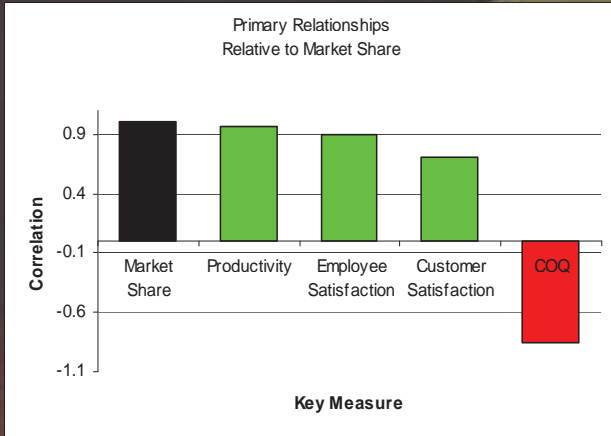
**Theory versus fact**  
Take ... the notion that happy employees produce fewer defects ... would one be comfortable allowing disgruntled employees handling customer service calls

Relationships between market share, customer satisfaction, productivity, cost of quality and employee satisfaction

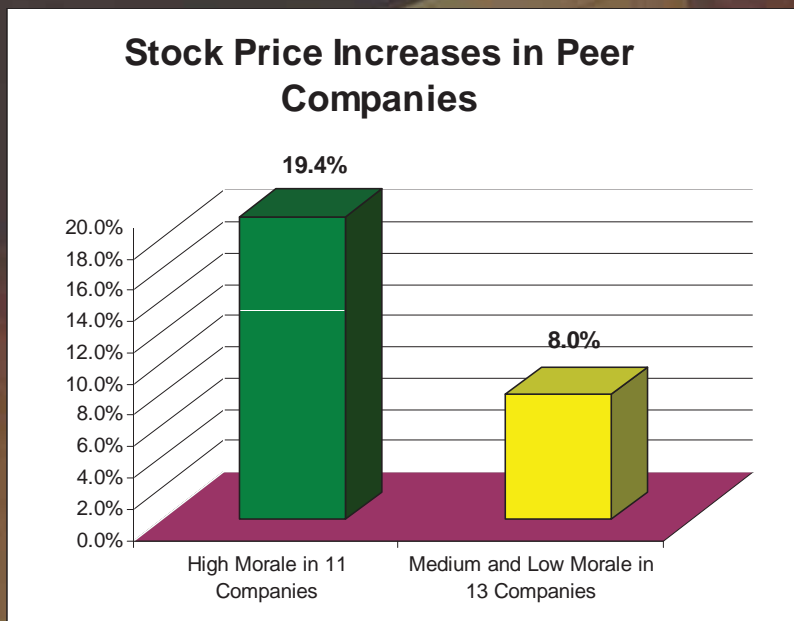


Productivity = revenue/employee  
Cost of quality = hardware warranty cost  
Employee satisfaction = index of job satisfaction, satisfaction with manager and satisfaction with right skills. Numbers are correlation coefficients, positive unless shown otherwise.  
Source IBM Rochester AS/400 division data

# IBM, Rochester



# Workforce Management Study





“Culture Surveys are a powerful way to lead.”

“I wasn’t convinced to proceed with Six Sigma until I got survey feedback from employees who wanted change.”

Jack Welch  
29 Jan, 2008

## Steering Committee LSS Responsibilities

- **Projects**
  - Select and prioritize
  - Aligned to business strategy
  - Limit scope and communicate objective
  - Sponsor, participate in Leader selection
- **Program**
  - Establish policy, ensure project/participant success
  - Advise/Direct Deployment Champion
- **Training**
  - Assist Training in selecting “Belt” training candidates
  - Commit resources, internal and external

A background image featuring a bar chart with a vertical axis labeled from 30 to 70. The chart has three bars of increasing height. In the foreground, there are four stacks of coins of varying heights, also increasing from left to right. The overall scene is dimly lit with a warm, brownish tint.

Desired culture can be articulated in

- Our Place in the Universe,
- Vision,
- Mission and
- Values

Once articulated, culture can be measured by means of a Culture Survey to assess strengths and areas for improvement.

## Steering Committee Culture Responsibility

- Update and commit to Mission, Vision, Values and “Our Place in the Universe”
- Determine attributes desired in culture and develop a survey instrument
- Conduct Survey, identify and address areas for improvement
- Communicate Survey results and areas for improvement to all employees
- Take action to find root causes, develop, implement and measure solution(s) effectiveness



## Anderson Packaging, Inc., OPITU

*(Our Place in the Universe)*

Our place in this universe is to provide pharmaceutical packaging excellence & innovation to the world's pharmaceutical manufacturers so that they may effectively bring life changing and life saving medicines to patients.



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## Anderson Packaging, Inc., Vision

Anderson Packaging will be the recognized leader in pharmaceutical packaging through industry leading performance in quality, compliance, operational excellence and customer satisfaction.

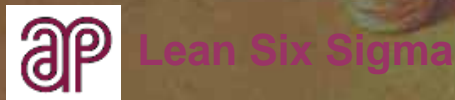


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## Anderson Packaging, Inc., Mission

To achieve superior returns and increasing value for all Anderson Packaging stakeholders by providing a competitive advantage to our customers through delivering high-quality continuously improving pharmaceutical packaging solutions in innovative and cost-effective ways.



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## Anderson Packaging, Inc., Values

Manage with Information and Metrics

Empower Employees

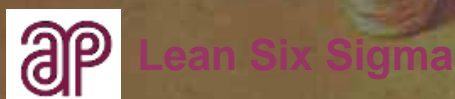
Teamwork

Respect & Ethical Behavior

Improve and Innovate

Coach, Mentor & Make a Difference

Surpass Customer Expectations



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## Anderson Packaging, Inc., Culture Survey

- Developed 87 questions that represent the Values (33 or 38% in the vendor database for comparison)
- All 370 salaried employees from the newest hire to the President were invited to participate
- 240 employees participated in the Survey (65%)
- Provided to all participants with computers electronically (80%), and in hardcopy form to those without computers (20%).
- Allowed two weeks to complete the Survey



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## 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



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# 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

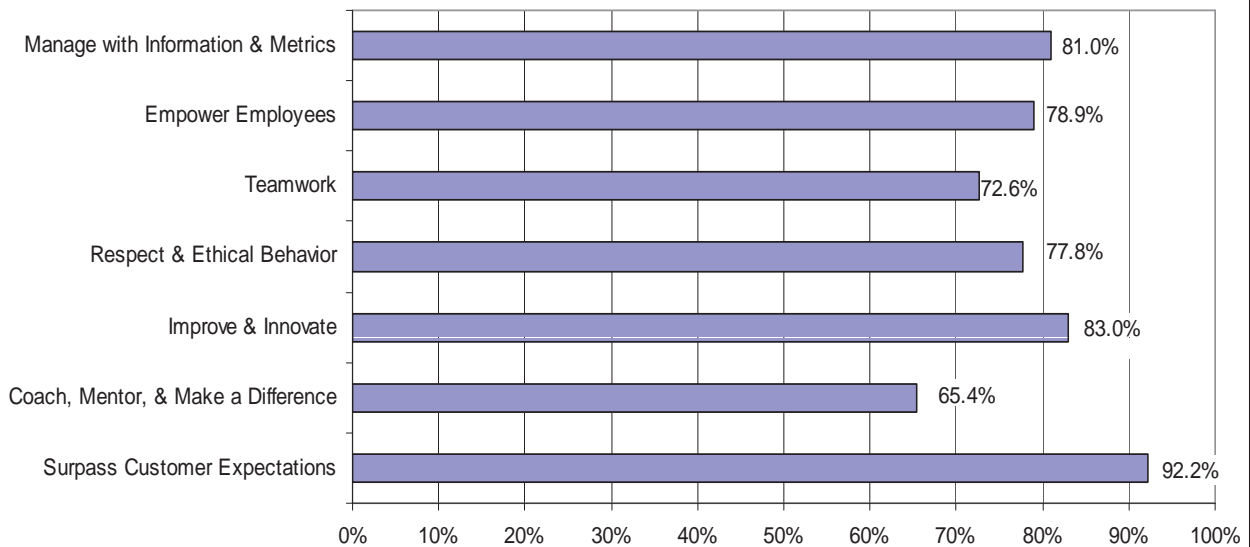
Response Scoring -

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



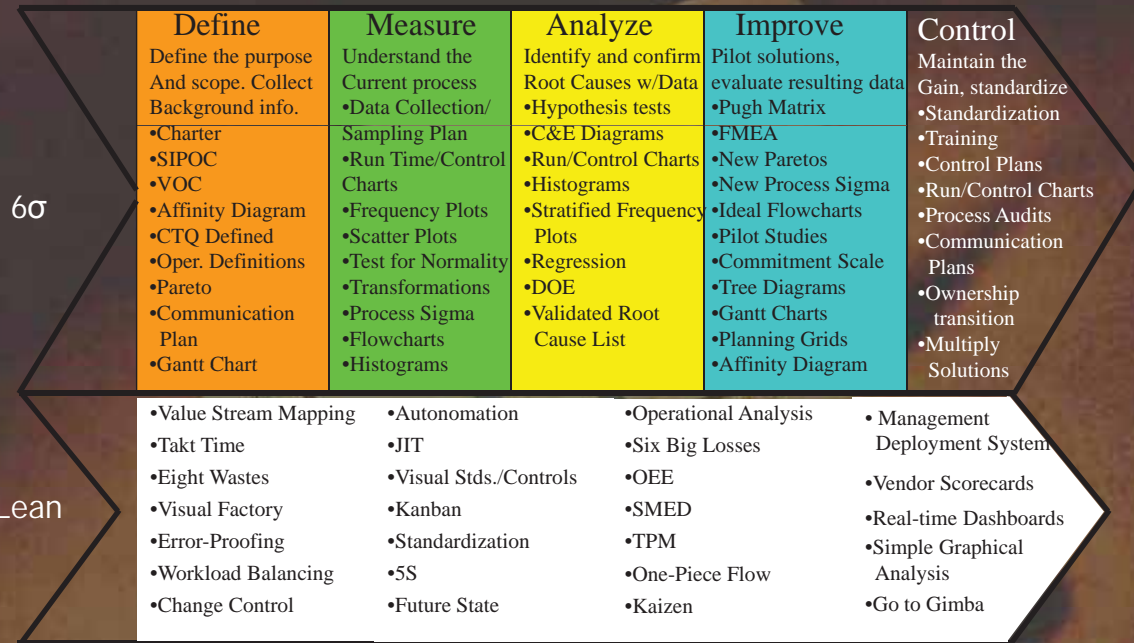
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Average Net Agreement Percentage by Core Values Category



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# LSS Provides Organizational Direction



## Anderson Packaging's Lean Six Sigma Journey



## Participation in the API LSS Program by Skill Level

<b>Black Belts</b>	Very complex Improvement Projects	<b>10</b> (160 hrs training + project)
<b>Green Belts</b>	Complex Improvement Projects	<b>177</b> (40 hrs training + project)
<b>Certified Lean Mechanics</b>	Set-up/mechanical trouble-shooting, waste removal	<b>34</b> (24 hrs. training + skill demo)
<b>Kaizen Team Members</b>	Identify and eliminate waste in processes	<b>159</b> (3 days training + event)
<b>Yellow Belts</b>	Remove waste in daily work	<b>797</b> (3 hrs. training + skill demo)
<b>Lean Supv. Certification</b>	Shop Floor Lean coaching/mentoring – emphasis in real time	<b>29</b> (32 hrs. training + skill demo)



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## Areas of Strength

- “Individual learning is encouraged”
- “I enjoy my job and the type of work I do”
- “We meet our customer’s requirements as much as possible”
- “This company strives for constant improvement”
- “I feel part of a team with shared goals”



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## Areas for Improvement

- “There is excellent communication up and down in this company”
- “Employees are rewarded for improving work processes”
- “Personal career growth of employees is important”



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## Excellent Communication Solutions

- Formal, comprehensive Communication Plan
- CEO regularly meets with leadership teams
- CEO regularly meets with all employees
- VPs, Directors and Managers regularly meet with all employees
- Individual improvement solution program
- Creation and regular publication of a company newsletter with a non-management focus



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## Reward for Improvement Solutions

- Individual improvement reward program
- Individual/team performance excellence reward program
- Team performance improvement reward program competition
- Regular major and minor rewards and recognition events
- Performance appraisal for Belts and team members
- CEO emphasis on management and professional performance goals that improve and “move the business”



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## Personal Career Growth Solutions

- Implement company-wide succession planning
- Utilize succession planning to identify developmental activities
- Utilize career development goals as part of the performance appraisal process, and to establish commitment to the identified developmental activities
- Provide selective mentoring for development



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## Anderson Packaging's *Project Results*

	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010
Hard Savings	\$1.28MM	\$3.83MM	\$3.62MM	\$2.25MM	\$1.8MM
Capacity/Cost Avoidance	\$1.50MM	\$468K	\$3.48MM	\$566k	\$205k
	14	38	51	205	175
<b>Total</b>	<b>\$2.77MM</b>	<b>\$3.86MM</b>	<b>\$7.10MM</b>	<b>\$2.82MM</b>	<b>\$2.1MM</b>

\* Includes cost saving passed on to customers

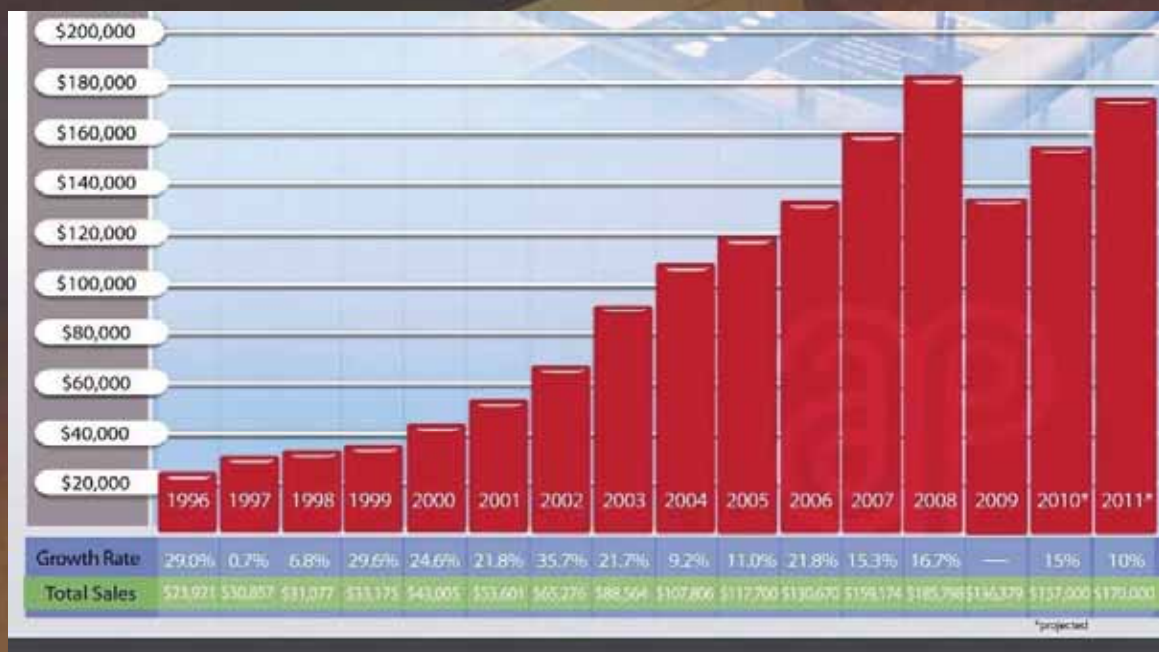


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## Anderson Packaging

## Sales

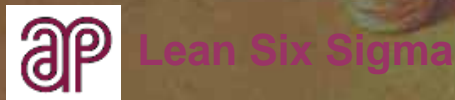


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## Summary

- Employee satisfaction (culture) drives organizational performance
- Employee satisfaction (culture) can be measured and Lean Six Sigma can improve employee satisfaction
- The culture makes a difference in driving the business forward



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