



## Powerball versus Continuous Improvement

At this writing, the drawing for the largest Powerball award (over \$1 billion) has just occurred, and several people have instantly become millionaires several times over. Although I found myself occasionally daydreaming over what I would do with the winnings, I didn't buy a ticket. However, I thought more often about the symbolism of the quick, short-term path to instant success. It's so easy, right? Pay a couple of bucks for a handful of tickets, pick your favorite six numbers (or let the program spit out six at random for you), and go

about your daily business until the drawing. You win, and after structuring your estate trust, you receive the lump sum and you move to Costa Rica.



vs.



If only the lean journey was so easy! You have a meeting with your management team, you say a few words about lean and how cool it is, you leave the meeting, have a kaizen or two, and instantly costs go down and profits go up, and you move to Costa Rica.

Well, we all know it doesn't happen that way. Lean is anything but quick and short-term. It's a long, continuous path fraught with failures and retries. Sometimes there's painful turnover of staff. But often enough a success occurs, one person or one department suddenly "gets it", and you've moved a few miles down the road. You find a process or a product drops in cost and effort, and morale/spirit picks up. It's not instant, but over the long haul it's satisfying to see your teammates take a little more responsibility for their actions, and they understand a little better how they contribute to your company's success.

It may not be nearly as exciting as winning the Powerball, but just think where all of the people who didn't win the jackpot are today relative to two days ago... in the same spot. When you go on the lean journey, every day is a small step further down the road.

*Scott*

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## Using Metrics To Understand What's Happening

Whenever there are at least two variables (such as a timeline and costs/expenses) collected from a process, the data can be displayed in a chart or graph. What's the advantage of looking at your data in a graphical format?

For most of us, scrolling down two or more columns of numbers rarely highlight significant data points, trends, or runs. A data point is a single intersection of two or more variables, such as "its 25 degrees outside at 10 am". A trend is a set of data points that, although not necessarily consecutively, gradually move upward or downward in value, indicating a shift (possibly even a temporary one) in the overall average. An example would be average daily temperatures over the course of January to June... the trend will be upward, even if a few days in April are cooler than a few days in March. Finally, a run is a relatively short set of data points that are consistently above or below the overall average. Using temperature again as an example, there may be a four-day stretch of days in winter where it's normally below freezing but the jet stream shifted and brought warm air to your area.

OK, back to the graphical format question. In the examples above, when we talk about the weather, we've all experienced it our whole lives, so it was easy to visualize those three situations in our heads. We could imagine the graph with January's days along the far left bottom corner, and June's along the far right bottom corner, and low temperatures at the bottom and higher temperatures at the top. We could then see the gradual movement of the line upward across that six-month period (the trend), and maybe the quick spike upward (the run) for several days while the jet stream shifted north.

When looking at your business data, you may not have the long-term experience to visualize what it's trying to tell you. More important, because of that lack of experience, you can't make good business decisions on how to respond to problems. Here's where graphs can help, as the following example shows. Charts 1 and 2 display a distribution center's one-week and four-week averages for sales, deliveries, regular hours paid, and overtime hours paid. The question is, **are the regular and overtime hours paid moving upward and downward in sync with sales and delivery volumes?**

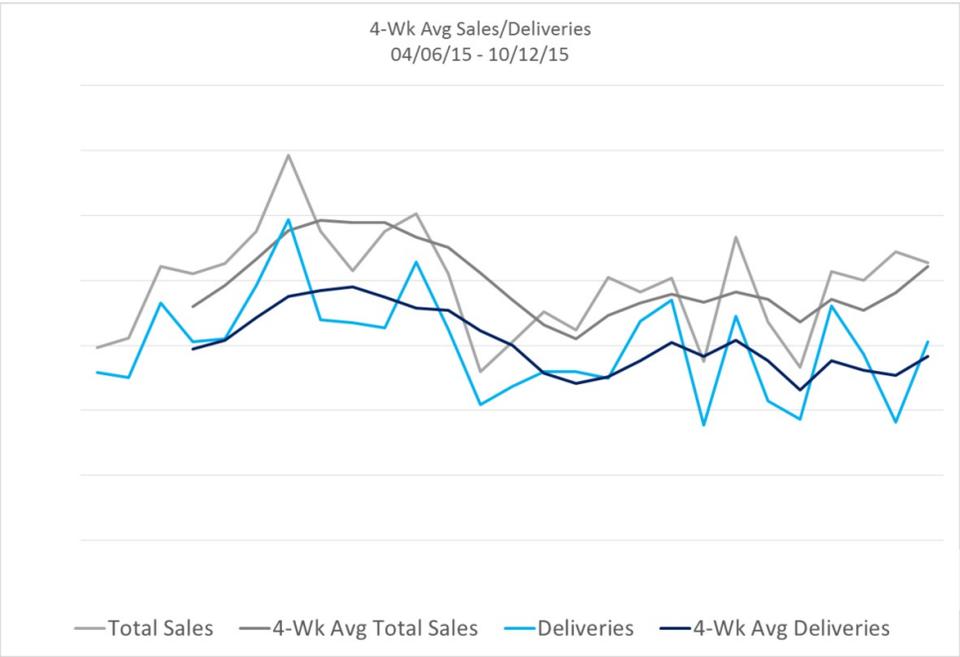


CHART 1 – SALES AND DELIVERY VOLUMES

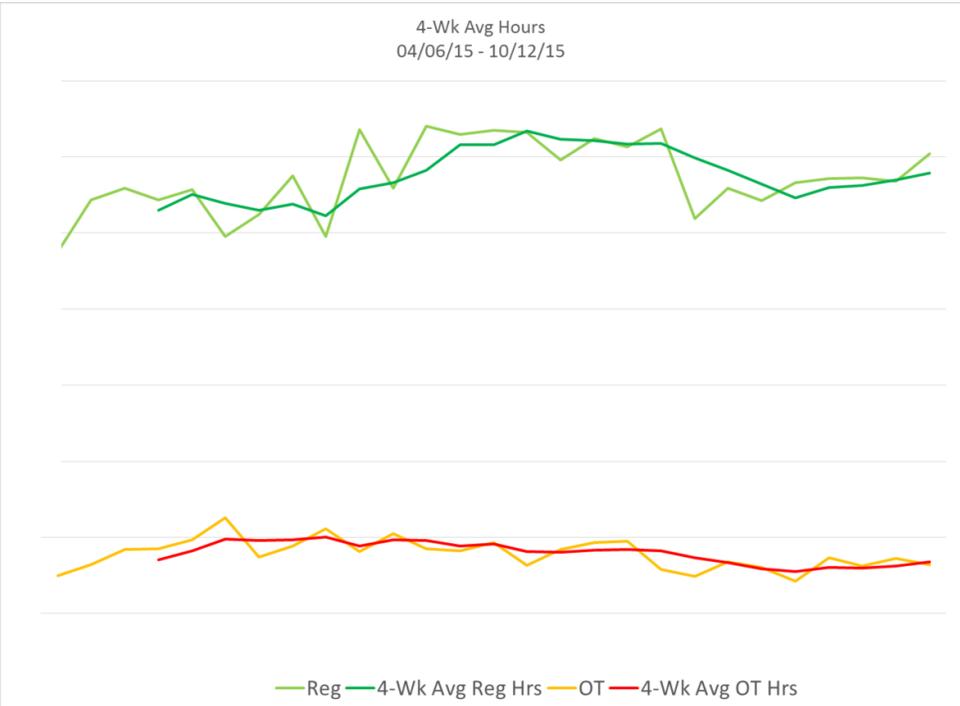


CHART 2 – REGULAR AND OVERTIME HOURS

It's difficult to draw many conclusions from Charts 1 and 2, but if we look at the exact same data in a different format (Chart 3), we can see a pattern. Note that the Total Sales and Deliveries (gray and blue lines) had a surge for several weeks early in the graph, dropped off, and then stabilized at a lower level but stayed above the lowest point toward the middle of the time period. However, note that the peak of Regular and Overtime Hours (green and red columns) lagged behind the surge, dropped off, then picked up again toward the end of the time period. If we wanted to keep the paid hours aligned with sales and deliveries, we would want the general shape of the columns' peaks/valleys to follow the lines' peaks and valleys. The last six sets of data indicate a much closer relationship, especially the overtime tracking. **Therefore, we conclude that at the end of the time period, volume and hours were in alignment.**

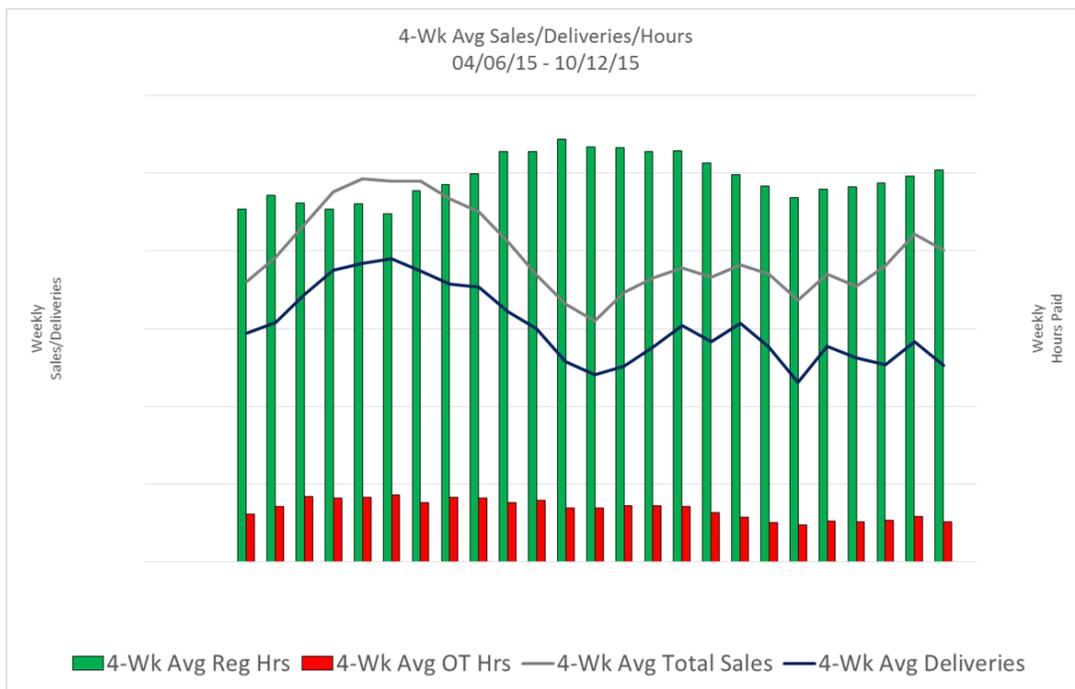


CHART 3 – COMPARING HOURS, SALES, AND DELIVERIES ALONG THE SAME TIMELINE

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