

By Chris Jordan

The events of the last few months can only be described as an economic perfect storm. Both junior companies and large conglomerates around the world went from planning their next multi-million (or billion) dollar expansion to putting projects on hold and cutting production, seemingly overnight.

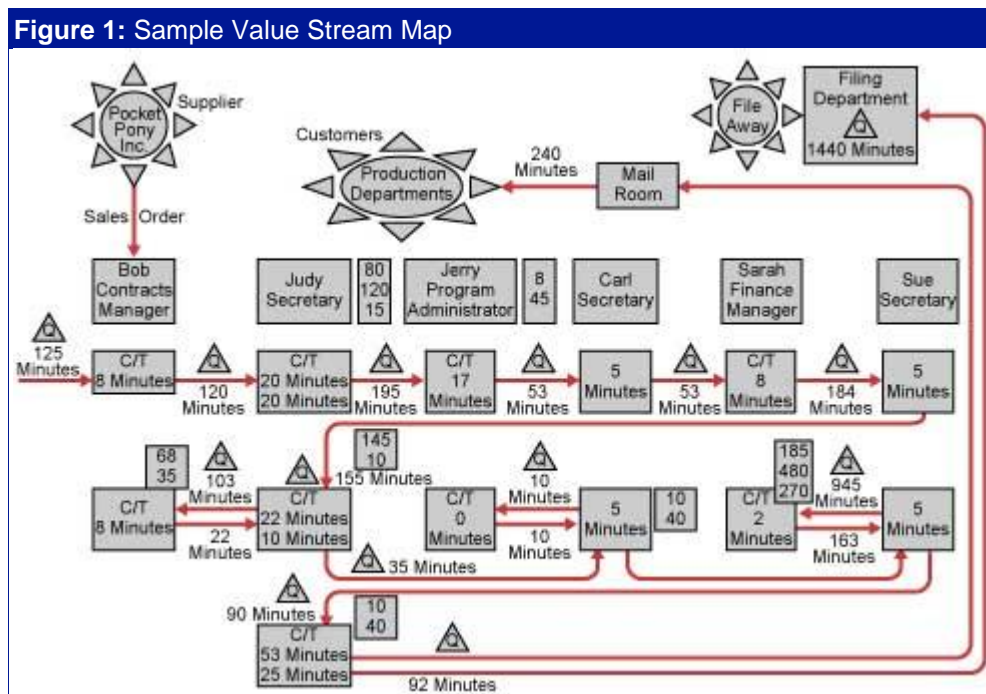
The focus should now be on managing costs, controlling expenses and improving efficiencies. It is the perfect time for continuous improvement initiatives to step up and show their worth. These initiatives, however, need to adjust their strategies so that the most value is returned in the shortest period of time. To do this, continuous improvement professionals need to:

1. Concentrate on core processes
2. Speed things up
3. Create a sense of urgency
4. Cut costs faster than falling revenue

Concentrate on the Core

Focusing on core processes means aligning continuous improvement projects with the real business of the company. Whether it is mining diamonds, manufacturing clothes or creating reports, a company will likely gain the most returns by improving the process that brings in the dollars. In a manufacturing business, for example, processes such as accounting, marketing and legal add value, but their benefits usually are not seen on the bottom line immediately. Now may not be the time to optimize processes in these areas.

Value stream mapping (Figure 1) is an excellent tool to visualize the current flow of materials and information in the core process. The map can help identify bottlenecks, excess waste or missing information, signaling a range of improvement projects.

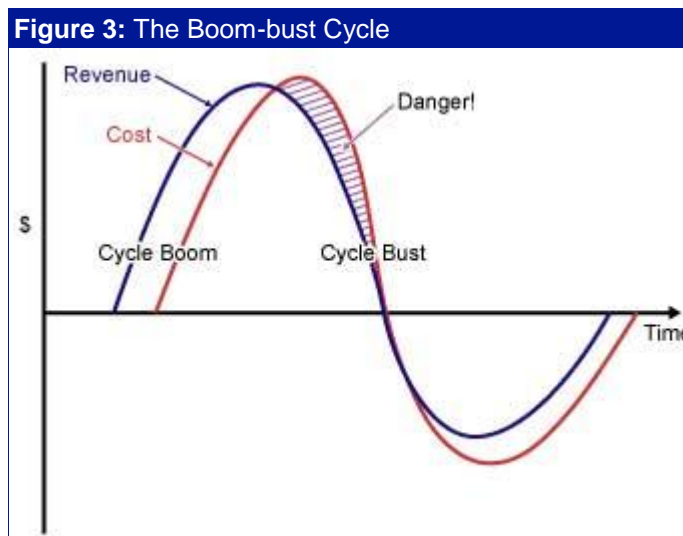


Improve Cu and Zn Plant Reliability	Electrical PM review	N Bodnarchuk	ON	Validated	Validated							0.33	0.14
	Instrumentation PM review	N Bodnarchuk	ON	IC	I	Validated	Validated					0.33	0.00
	Mechanical PM review	N Bodnarchuk	ON	I	I	I	I	C	I	Validated		0.33	
Workforce Efficiency	Sustainable productivity	P Roos	OFF	R	R	D	D	A	D	C		0.50	
Priority 1 Projects Sub-total											3.50	3.28	

Creating urgency is not just a job for the project team and manager, however. Leaders must assist in resolving issues and eliminating roadblocks. This may involve freeing up resources, helping to push through change or approving capital. Leaders also must hold the project team accountable and give them feedback (both positive and negative). A company whose priorities, resources and leadership are focused on continuous improvement will find its improvement projects completed faster with better results.

Cut Costs Faster Than Falling Revenue

In current economic circumstances, companies that can decrease costs faster than their declining revenue will survive. Cutting costs takes time to implement. If the company knows that customers will be lowering supply orders in the next few months, now is the time to decrease costs. Do not wait until the customer's order is cut back – this is when a company enters the danger area (Figure 3). Being in front of the curve, not behind, defines the intent of continuous improvement.



Cost-reduction improvement projects must be done proactively and must be aligned with both the organization's strategy and the needs of customers. The weighted criteria prioritization matrix (Figure 4) is an excellent tool to help select which projects need to be done first. Determining which projects to start requires thought and understanding, and is just as important as the project itself.

Six Sigma Initiatives Evaluation Criteria							Score
Environmental, Health and Safety	No impact or slight improvement	Some improvement	Achievement of industry best	Policy req. or risk mgmt. level	Legal requirement		1

			practices	3 or 4		
<i>Weight</i>	0	1	5	10	20	
Regulatory/Legal	No requirement within 2 years	Improve a marginal compliance	Correct violation with small potential impact	Correct violation with large impact	Government order or violation with an ongoing effect	3
<i>Weight</i>	0	3	5	15	25	
Strategic Link	No link to strat. plan or higher-level metrics	Link to site functional key metric	Link to site top key metric	Link to business unit key metric	Link to business unit breakthrough objective	20
<i>Weight</i>	0	3	10	20	25	
Risk	A lot of variables and uncertainty	Variables not defined but appear manageable	Variables defined – high complexity but manageable	Variables defined – medium complexity – manageable	Variables defined – low complexity – easily managed	15
<i>Weight</i>	0	1	5	10	15	
Measurable	No data available	Data can be gathered at a cost	Data can be gathered by modifying reports	Data available but questionable	Good data available with high confidence	10
<i>Weight</i>	0	1	3	5	10	
Time Frame of Expected Results	More than 2 years	1 to 2 years	6 to 12 months	3 to 6 months	Less than 3 months	25
<i>Weight</i>	0	1	5	15	25	
Estimated Benefits (\$)	No impact or undefined improvement	Less than \$100k per year	\$100k to \$321k per year	\$321k to \$1M per year	More than \$1M per year	20
<i>Weight</i>	0	1	10	20	25	
Capital Required (\$)	More than \$1M	\$500k to \$1M	\$250k to \$500k	\$50k to \$250k	Less than \$50k	15
<i>Weight</i>	0	1	5	10	15	
Leveragability	No leveragability	To another area	Site wide	Business unit wide	Corporate wide	20
<i>Weight</i>	0	3	5	10	20	

About the Author: *Chris Jordan*, a senior consultant at Snowden Consulting, is a chemical engineer with a master's in business administration. He has more than 14 years of experience in mining, energy and manufacturing. Jordan is a Black Belt and has led, trained, mentored and supported many business improvement professionals. He can be contacted at cjordan@snowdengroup.com.