

Case Study: Eclipse

It was time to introduce ERP to Six Sigma and Lean activities.

Market

Managing several independent legacy systems in 8 different global facilities across 3 continents

Problem

In 2008 business users were creating their own process improvement projects and custom built tools to address deficiencies. There were dozens of independent process initiatives with limited visibility and duplication.

Solution

Early that year, the CEO brought in a CIO with significant Six Sigma master black belt experience. In addition to the IT responsibilities, the new CIO was informally given the role of corporate change agent.

From that point the company has progressed through a transformational change initiative and has used the power of Lean, Six Sigma, and ERP Automation to deliver significant and lasting results.

Because the company was not in a position to invest in Black Belts and Green Belts for a Six Sigma organization, the CIO implemented a streamlined program he called Total Value Management which used Six Sigma methods to get the ball rolling.

All of the process improvement efforts were required to submit a plan that used a 5 milestone methodology that mirrored a Six Sigma project: define measure, analyze, improve, and control.

Very quickly the company began to see results. Process improvement projects were organized, prioritized, and reviewed each week by the Management Team.

Activities became more coordinated, had greater visibility, and progress was checked every step of the way including go and no-go decisions points.

As the projects continued to deliver benefit, they reached a point where the legacy technology simply could not progress the changes necessary to realize the full benefit expectation.

It was time to introduce ERP to Six Sigma and Lean activities.

The CIO determined that an experienced ERP consultant (Ultra Consulting) was necessary to help assess the current legacy systems and determine the business case benefits for the ERP process improvement opportunities. He was also interested in achieving an independent viewpoint of the ERP vendors that served the industry.

In this phase the company set out on a journey to Commonize, Harmonize, and Automate the business processes around the globe.

Through the education provided by Ultra, they began to use common ERP terminology and realized the interconnection of processes such as order-to-cash.

They established a core team of resources chartered to transform the business to become a consistent global company.

Each process improvement project was characterized by its ERP process definition and was designed to be global from the onset. Using the TVM methodology each process was analyzed and measured to identify variations, errors, defects, volume, etc. The company management prioritized the high value TVM projects, and funded process improvement efforts as required.

New processes were designed and implemented that delivered immediate benefits.

Upon realizing the success of the program, the company took the next step and put in place a team of dedicated process owners. This team was lead by the CIO and included the best and brightest middle managers in specific functional areas: sales, customer service, engineering, manufacturing, field service, and accounting.

The team continued to address the improvement of processes. New systems such as a quoting system were implemented globally. The team was bringing process standardization to the organization.

It didn't take long to realize that the organization was limited in realizing the full benefits of the process improvement due to the limitations of the existing legacy systems. By this time the process improvement projects that had been implemented had produced enough benefit to nearly fund the cost of a new ERP system and even more importantly, the team had gained the confidence of the executive team that they knew how to produce results.

The company now saw the opportunity to take the quantum leap in process improvement by coupling Lean, Six Sigma, and new technology tools together as one common business initiative.

Going forward the effort remains to be all about process transformation. ERP Technology along with Six Sigma and Lean methods has simply become enablers to the designed improvements.

Let me back-up into the story a bit and explain a few key steps that aided in this transformation.

Early in the organization of the Business Improvement team, Ultra Consulting educated the team on business process best practices as defined by ERP. The team used this knowledge while developing short improvements – this was the “Commonization Phase” I mentioned earlier.

As consistent best practices were being deployed with their enabling tools, benefits were being realized. This “harmonization” quickly caught on throughout the company and stimulated the momentum toward globalization.

Over time, process improvement benefits became more difficult as existing technology tools encumbered change. With the help of Ultra Consultants, the team then turned its efforts toward the evaluation and selection of a new global ERP system. Having already documented the majority of the existing processes and had invested in getting educated in ERP best practices, the team quickly defined their needs, designed their future state or “to be” environment, evaluated the leading ERP systems, and determined their future course of process improvement transformation through Business Process Improvement and ERP “Automation” for the next several years.

Benefits

The team members are now business process owners. They are the recognized experts responsible for best practices across the company including educating and guiding users toward further process improvement opportunities.

Each team member has aligned their areas of expertise to the business functions that use their processes. Operational management relies on these experts to deliver processes that maximize efficiencies throughout the company.

Operational management, in turn, is finally “freed up” to deliver excellence in products and services for the customer.

This is an example how the company developed a process improvement program using one team by leveraging:

- Lean
- Six Sigma
- ERP

All three put them on the path of continuous improvement.