

Operation Excellence

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When do policies become constraints?

After the last newsletter, I had quite an online discussion with Ryan Beverly – who I met through the LinkedIn process. We were comparing notes on TOC and Lean and Six Sigma implementations and both of us discovered that we have run into situations where policies have become very real and nasty constraints. Why does that happen? The simplest answer is that the policy is a legacy issue that probably made perfectly good sense when it was installed, but since the implementation, reality has changed and the policy (at best) no longer makes sense... in some instances, it becomes a real constraint.

My example was that at one company I joined, I was astonished by the amount of work that was queued up after a saw operation. For a company of approximately \$20M in sales, there was a pile of sawn blanks that would have filled at least a couple of boxcars! Easily 8 to 15 weeks of production was sitting as a bank of sawn blanks! When I asked the operator of one of the saws (it was a multiple machine per operator situation.. the saw operators also ran CNC lathes) “Why?” He replied, “That’s what we’ve been told to do! --- the owner said if he ever walked out here and didn’t see the saws operating that we would get fired.”

Think about it... caring about and measuring efficiency to an extreme is one thing, but this was past the point of making sense, yet the saws had continued to run non-stop!

When I dug a bit further into the “current reality”... it made sense. At the time that the owner had issued the order/policy to run the saws, “non-stop or you will get fired”, the owner was correct. The saws were the constraint. Production/market demand was being constrained by a lack of capacity on the saws... He was quite correct in that. [I’m not applauding his leadership style here – now that my good friend Pat McDonnell is no longer writing a newsletter, I feel a need to incorporate his excellent work on building a values based community into a future “Operation Excellence”.]

However, to eliminate the constraint, the company purchased 2 additional cut off saws... installed them and then ran them continuously too. The “run them or be fired” policy was not challenged, revisited, or revised. The perceived threat to be fired remained and the WIP continued to grow. Sounds unreal, but sadly it was very true.

Are there other policies that can cripple an organization? One of the first ones I encountered was “Centralized Quality Control”. After each operation, the production lot of parts would be moved to “the quality control department” and Statistical Process Control measurements were taken! Sorry, guys, the process is already over, and applying that technique at that point... in Missouri, we used the expression... “the horse is already out of the barn!” No synchronous flow could be maintained and the inspectors were a huge bottleneck... This failed policy was insisted by the company’s largest customer as a corrective action to a much, much, much, earlier problem that no longer existed. Again, reality changed, but the policy remained intact.

Set up operators are frequently another “policy” based constraint. If vital machines are idle due to waiting for the set up operator to “get to them”... you’ve got a policy problem!

Refusing to utilize 168 hours of the calendar each week can be a policy constraint too. Long set up operations or processes that require heat up or cure time often are best managed on a 7 day 24 hour operation. Four shift operations are fairly easy to manage and much more economical than paying overtime for 60+ hour weeks. Traditional job shops may get locked into a "never on a Sunday" attitude/policy that has a very detrimental effect of crippling production.

Ryan's examples were based on his work in the military... policy constraints can affect every type of organization. If you think not, please consider what a mess TSA policies in our nation's airport security system have become.

Problem solving teams that are evaluating root causes that need correction should be on the lookout for irrelevant policies that should no longer apply. The constraints/leverage points that we need to elevate and change are often not physical limitations to the system's flow.

All the best!

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