



## Increasing Performance and Sustaining Gains in the New Norm of Volatile Conditions

Frequently Asked Questions from Customers

### Increase Productivity without Cost Increases through Implementing a Tier Management System

#### Executive Summary

In 2013, MainStream's public and private sector customers are facing looming fiscal cliffs, budget reductions, fiscal uncertainty, periodic furloughs, temporary shutdowns and more. Many are calling this the 'New Norm' because it is unclear when stability and predictability will be reached. Throughout 2013, MainStream has been sharing its learnings and experiences on what it takes for an organization to "increase performance and sustain gains" in the new norm of volatile conditions. This article explores an approach to increasing throughput and productivity by improving communication and accountability via a Tier Management System.

Many of MainStream's clients are being asked to deliver more mission capability at the same or at lower cost using the same or less amount of resources. The question is: "Are there approaches available that will help increase productivity at the same or at less cost?" We believe the answer is "Yes!".

Implementing a Tier Management System will provide daily accountability for work performed in a production or service organization. This real-time monitoring of performance eliminates the end-of-the month 'hockey stick' approach that is usually associated with delivery systems. The Tier Management System is easy to use requiring very little investment in time and can be implemented with no incremental costs to an organization. Daily meetings between workers and managers increase communication which fosters engagement and alignment at all levels. Ultimately, workers are more productive, throughput increases, and products and services are delivered on time at a lower cost.

#### Tier Management System

The Tier Management System is a layered approach to monitor and control throughput and increase productivity in any production or service organization. Exhibit 1 illustrates this approach. In this example, at 7am every morning, a Tier 1 meeting is held for ten minutes with value creators and first line supervisors. At the meeting, the previous day's safety, quality, delivery and cost performance are reviewed. Additionally, any items limiting output from the value delivery system are discussed (i.e. if equipment is down or parts are not available, these items are recorded on the Tier board and actions assigned for resolution - a real-time Andon process). Andon is a Japanese word for paper lantern. An Andon system is currently used in production areas to show line status. For example, a red light indicates a work stoppage, work limitation, or the need for a work-around. The Tier Management Systems accomplishes the same result. Once problems are identified, they are made visible during the Tier meetings. If the problems cannot be resolved within a specific period of time, they are escalated to the next Tier. This escalation continues until the issues are satisfactorily resolved.

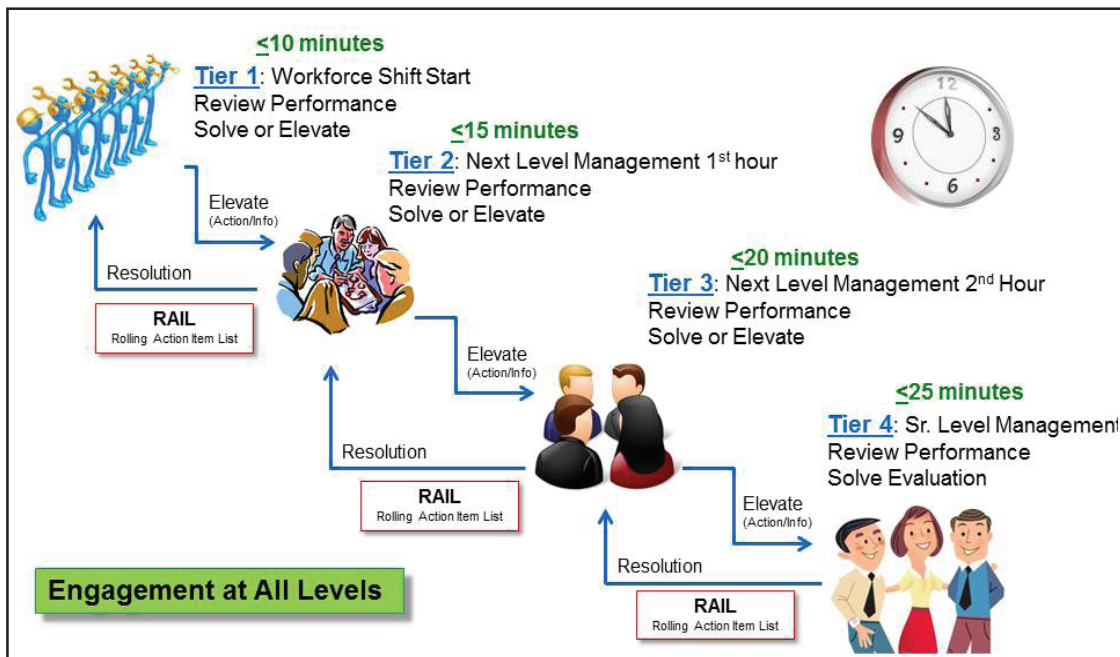


Exhibit 1: Tier Management System

Tier 2 meetings are held one hour after Tier 1 meetings and last for 15 minutes. The next level of management facilitates the meeting and participants including supervisors and support personnel (i.e. planners, schedulers, engineering, etc). Similarly, Tier 3 meetings follow Tier 2 meetings and the meetings are usually are 20 minutes in length. The Tier meetings extend in time duration as the meetings progress from the lowest to the highest Tier due to the organizational complexity of items discussed. A rough rule of thumb: one Tier level for every 300 people in an organization. There are four Tier levels illustrated in Exhibit 1. In this example, the organization employs approximately 1300 value creators, supervisors, support personnel and managers.

In addition to being a real-time Andon system for quick problem resolution, the Tier Management System is Servant Leadership in action. Exhibit 2 illustrates an inverted organizational triangle with the value creators at the top and the supervisors and managers supporting those who are providing real value to the customers. Ultimately, this is how leaders are supposed to behave – as servants to provide a safe, productive environment for workers to be successful.

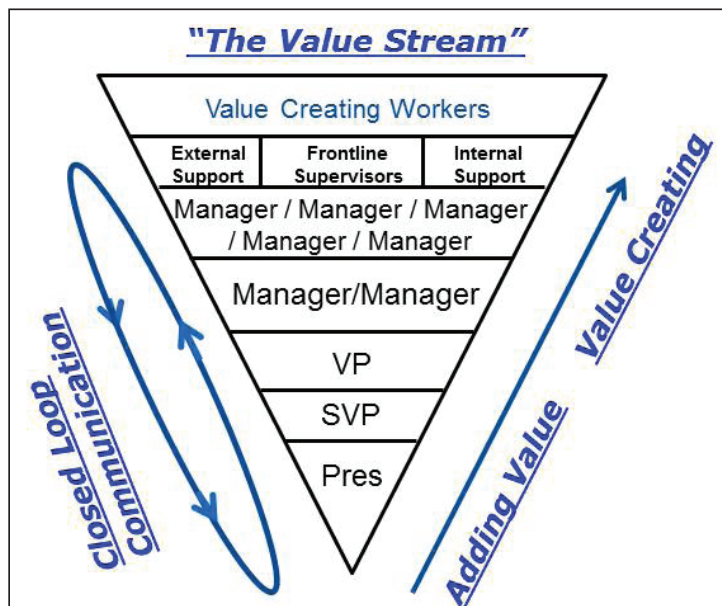


Exhibit 2: Servant Leadership

### Factors for Success

- Training for all management personnel. To demonstrate importance the Senior Manager should deliver all training – it should NOT be delegated. The training should also include a real-time simulation to show participants how to properly facilitate a Tier meeting.
- Development of business performance metrics. At a minimum, safety, quality, cost and delivery should be monitored for all areas. Work-in-process, inventory turns, productivity and cycle time are also metrics that will complement the primary metrics.

- Tier Management boards. The management boards are used to facilitate the meetings and contain all performance reports. Additionally, all equipment, facilities and material issues are documented and displayed on the boards. Finally, all action items assigned for resolution are captured and kept on display to provide visibility of items needing management attention.
- A focused change management plan implemented to ensure sustainability. A separate team of assessors should be formed to randomly attend Tier meetings at all levels to provide coaching and mentoring to facilitators to ensure consistency in application.

### Benefits

There are many benefits to implementing a Tier Management System but the two biggest are communication and accountability. The value creators value the Tier Management System because their voices are being heard – for safety or quality issues or the need for parts to produce products on time. This increased level of communication enables supervisors and managers to keep a pulse on the needs of the workforce. This attention to the needs of the workforce will significantly increase employee morale and will go a long way in changing the culture of the workplace to one that responds quickly and positively to its ongoing challenges.

Action items are documented on a Tier Management board to provide visibility for both workers and managers. As issues are resolved, items are checked off the rolling action item list. The list becomes a visual management tool for workers to hold supervisors and managers accountable for follow up.

Because supervisors and managers are held accountable for issue resolution, workers are not threatened when management holds them accountable for performance related to safety, quality, delivery and cost. It is the bottom line results of improvements in these four areas of performance that translate into the organization's competitive advantage.

These are just some of the tools available to customers interested in Increasing Performance and Sustaining Gains in the New Norm of Volatile Conditions. MainStream GS is available to assist in learning more about these tools and developing an execution plan. For more information about MainStream or to discuss this article further please email [info@mainstreamgs.com](mailto:info@mainstreamgs.com) or call 877.785.4888.

Alan Horowitz ([alan.horowitz@mainstreamgs.com](mailto:alan.horowitz@mainstreamgs.com)) leads MainStream GS, as President of the firm.

David Ringel ([david.ringel@mainstreamgs.com](mailto:david.ringel@mainstreamgs.com)) is Vice President, Operations of MainStream GS.

Ray Padilla ([ray.padilla@mainstreamgs.com](mailto:ray.padilla@mainstreamgs.com)) is a Senior Management Consultant at MainStream GS.