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Ten Essentials of Business Part 2

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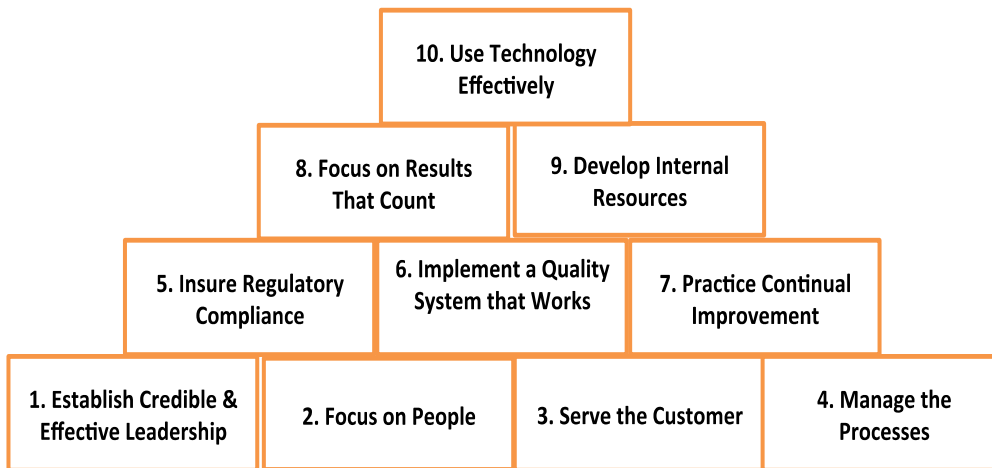
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Ten Essentials of Business Part 2

Proven Practices for Improving Business Management & Leadership

Davis M. Woodruff, PE, CMC

The Ten Essentials:



Essential #6 A Quality System that Works

Quality management systems can become cumbersome and bureaucratic if not properly developed, implemented and maintained. Effective quality management systems have ten common characteristics that when properly implemented, can improve your organization's ability to satisfy customer and manage your processes and products more effectively. These ten common denominators are relevant and applicable for organizations seeking or maintaining ISO 9001, AS 9100, ISO 13485 or TS 16949 registration.

Ten Characteristics of Effective Quality Management Systems

1. A process is in place to ensure the needs and expectations of customers and other interested parties are clearly defined. Customer needs, requirements and expectations are reviewed for:

- Completeness
- Clarity
- Understanding
- Ability to meet what the customer wants and needs
- Profitability

2. The quality policy and quality objectives are defined, deployed throughout the organization and understood by employees at all levels. The policy should provide a framework for setting quality goals and objectives. An example quality policy could be "To meet customer requirements and provide service that keeps customers coming back while making a profit." This simple statement provides the framework for setting goals around meeting customer specifications or needs, on-time deliveries, service quality for handling the order or communications and finally profitability.

3. Processes are documented in simple to use procedures that are up to date, controlled and responsibilities of personnel are established and followed up on to achieve objectives. Simple flow charts could be used to depict processes. All of the core business processes can be in one procedure that consists of a series of flow charts accompanied by a matrix of responsibilities.

4. Resources to meet objectives are identified and provided. Resources include people, processes, equipment and infrastructure. Top management should review resource and infrastructure requirements at least annually and perhaps more frequently. Infrastructure includes items like the building, facilities, process equipment, software, utilities, laboratory equipment, maintenance needs, machines, transportation, property, parking lots, lighting, and utilities. This is not an all-inclusive list, but you get the idea.

5. Metrics are established and monitored for each process. The old adage, "If it is not worth measuring, it is not worth doing," is certainly true for business processes. When a process is not monitored and measured, how can leaders know if it is producing the desired outcomes? Many organizations fail to establish criteria for monitoring and measuring processes and as a result inefficiencies are rampant and it is very difficult to implement corrective actions that really work. The most effective use of metrics is when process measurements are routinely monitored and charted

with a monthly or quarterly review of each by the top management team. This will provide a vehicle for trend analysis or other statistical approaches and perhaps provide early warning of potential problems.

6. Management is committed to using the metrics for process improvements and for communications within the organization as well as for holding people accountable for their performance. Accountability is dependent upon two factors: 1) people know what is expected and 2) leaders follow-up to insure people do what is expected.

7. A process is in place for preventing non-conforming product or services and in the event non-conforming the situation is documented and corrective actions taken. In the case of non-conforming product, the process provides for identification and segregation to prevent it from getting to a customer. If product is re-worked then it should maintain its identity throughout manufacturing so that it is possible to track if necessary. It must also be subjected to the original quality requirements.

8. Continual improvement is a priority and simple approaches are implemented to involve people throughout the organization in identifying continual improvement opportunities. Continual improvement is how an organization continues to grow profitability in the face of shrinking resources and markets. Do not give up on getting better, simply do the work better each time and involve the people all along the way.

9. A framework for verification of processes and products is in place and functioning as planned. This includes internal audits of the processes as well as product quality verification at various stages of production. Internal audits should be a priority.

10. Management is involved in the system and reviews the entire system at appropriate intervals to insure the system is functioning as planned, is effective for the business and is being maintained.

Managing the Supply Chain for Quality

Another critical component in a quality management system is ensuring that the necessary materials (or services) available when needed and that they conform to requirements. None of the fundamentals are more important or more expensive than the goods or services your business must procure in order to provide your customers with what they need when they need it. Effectively managing the supply chain involves, at a minimum:

1. Establishing criteria
2. Qualifying and selecting

3. Providing the correct and necessary information in purchasing documents
4. Requiring evidence of process control and/or certification of materials
5. Verifying that incoming materials or service conformance
6. Providing performance feedback
7. Periodically re-assessing and re-qualifying

A quality management system built on these ten foundational principles and effectively managing the supply chain will give your business a competitive advantage and should not be a bureaucratic nightmare. A checklist of 'what is required' is included to guide your quality system deployment.

Essential #7 Practice Continual Improvement

The concept of practicing **continual improvement** takes me back to my farm roots in South Alabama. We raised hogs and my Dad practiced systematic process improvement before all of these terms were written about in textbooks! Each time we sold a load of hogs (or cows for that matter) his question was "How can we get more weight next time for less feed?" He identified the real issue in any business process: How can we do the work better next time?

Continual improvement is simply doing the work better each time, whatever the work to be done in any process happens to be. It is more formally defined as "recurring activity to enhance performance." (See ISO 9000:2015, 3.3.2). **Performance** is defined as "measurable result." (ISO 9000:2015, 3.7.8).

Continual Improvement can be defined as simply making changes in processes or systems to improve the ability to fulfill stated requirements. An effective Continual Improvement (C.I.) process is simply an organized approach to improving processes and reaping the rewards. In many businesses today the leadership team is saying or thinking "this quality system (ISO 9001, Lean, Six Sigma, et al) stuff just hasn't yielded the results we expected." Many businesses are concerned that process and quality improvement efforts have become "bogged down" in bureaucracy. The challenge is to define, implement and sustain a simple Continual Improvement Process that enables your company to become the low cost, high quality leader in your industry. If a business fails to meet the challenge, quality gains experienced in the past decade will be lost to competitors.

As with any other enterprise wide process or business system, the support and involvement of top management is critical. This requires more than "lip service." How does top management show their involvement? They must articulate the vision and expectations for CI, provide the resources, insure that obstacles are removed and participate in the process. Top management must be visible participants and ask the right questions. Staying in an office and avoiding the factory floor is not an option for success in any endeavor such as this one. Visibility of top management is a key to success.

Sometimes the issue is more a question of an organization's systematic process for improving their operations. A **proven model** involves these basic steps:

1. Identify your key (core) processes with their process steps, inputs and outputs
2. Identify your support processes with their process steps, inputs and outputs
3. Involve knowledgeable people in analyzing each process
4. Define the goals for each process
5. Ask the people how we can do the work better, more effectively, more efficiently, less costly in each process (maybe even in each step in some cases)
6. Act on what you learn (that's always the hard part)
7. Document what you've done and what you've learned
8. Compare the results with what you expected
9. Act on the difference
10. Do it again, and again, and again (it is a never ending journey)

Really, it is just the simple Plan-Do-Check-Act process of Dr. W. Edwards Deming, the late "guru of quality." It's easy to over complicate some of the things we do. Just take a common sense, simple approach. Get busy on the things you can do. Don't waste time on making grandiose plans that will not be implemented! Practice continual improvement using this model and avoid a lot of frustration.

A simple plan for **Continual Improvement (CI)** that builds on effective quality management principles and philosophy should **not** "re-invent the wheel!" The five components of a simple and effective CI process are:

1. Take Care of the Basics
2. Focus on the Processes
3. Eliminate Waste
4. Get It Done With Teams
5. Measure the Results

Get it Done

By following these simple steps, an organization can move from being "bogged down" in bureaucracy to a continual improvement process that really works and help your organization become the low cost, high quality leader.

Becoming the Low Cost, High Quality Leader is about Process Improvement and the organized approach using simple tools to insure a systematic approach.

After experiencing early gains, a renewed effort is often required to achieve **breakthroughs** that lead to increased **process knowledge** over time. Increased process knowledge yields effective, long term, **continual improvement** measured in terms of reduced variation, reduced waste, lower costs and improved productivity. Remember, the goal is to become the low cost, high quality leader in your industry.

The keys to success are **leadership and commitment**. Effective leaders enable empowered employees to improve processes. When an organization commits to integrating these principles into their business as "the way we do the work" the continual improvement processes will be effective.

Essential #8 Focus on Results That Count

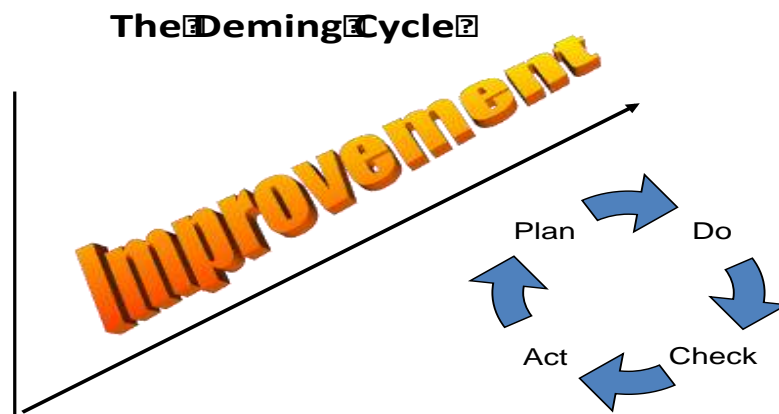
Activity ≠ Results

Many times Managers get caught up in the “Activity” cycle instead of focusing on results. Results count, activities may be the tasks involved in achieving the result, but an activity is not the result. For example, there are organizations that measure results by the number of corrective actions generated as opposed to the effectiveness of the corrective actions implemented. Others consider getting reports written on time to be a result instead of the usefulness of the information in the report, while others consider having meetings as results. You get the idea. Focus on the outcome, or result. Results can be defined as the productive outcomes of work.

Measure the Results

Without tracking results it is impossible to measure the benefits of your CI process. Use a simple tracking mechanism such as an excel® file or easy to use data base that will enable you to quickly summarize projects and results. As in most things the most significant measure may be in \$\$\$, however other measures such as reduced change-over times, improved run lengths, pounds of scrap eliminated, cycle time improvements, reduction in customer issues, etc. may also be effective. Select the measures that make sense for your business, but avoid the temptation to make it complex or cumbersome! Remember, the goal is to continually improve processes without increasing bureaucracy.

The Plan-Do-Check-Act (PDCA), or Deming Cycle is simple way to monitor and measure results. The Deming Cycle is shown below along with an easy to use tool to help you use the PDCA approach more effectively is on the next page:



Plan-Do-Check-Act Worksheet

<p>Plan List the steps in the action plan to implement specific corrective actions or problem solutions based on root causes. Be sure to include specific steps, timetables, responsibilities, measurement.</p>	<p>Do Implement the corrective action plan and be sure that all documentation that needs to be changed is updated. Don't forget the forms! Follow-up on the implementation according to specified responsibilities.</p>
<p>Check The specific items to measure, check or verify should be specified in the PLAN. Check these items and record the results. Look for differences in what you expect and what you actually experience.</p>	<p>Act As a result of measurements (checks), take the appropriate actions and repeat the process. This may be the most important step to having effective corrective actions.</p>



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A Key Factor in Achieving Results is Eliminating Waste. Waste can be defined as anything that is non-value added. When the entire value stream is considered, waste can really mount up in terms of dollars, time, resources, re-work, etc. Waste can involve process scrap, re-worked products, re-done reports, waiting on parts, etc. With this broad definition, it's easy to understand the importance of eliminating waste!

The Categories of Waste

In most organizations there are at least 7 major categories of waste:

1. Measurable scrap including process waste and product scrap, etc.
2. Waiting on materials, people, parts, decisions
3. Performance barriers such as procedures that were developed in a front office with insufficient (i.e. "NO") understanding of the impact on the work being done.
4. Dissatisfied customers, so measure customer satisfaction.
5. Dissatisfied employees who are not being productive and this is usually traced to issues in leadership.
6. Damaging goods, facilities, equipment either accidentally or heaven forbid, on purpose; but most likely inadvertently such as running equipment without proper preventive maintenance
7. Doing things over because they weren't done right the first time. Too often is a result of communications issues when requirements were not clearly understood.

Identify and Eliminate Sources of Waste. Now it is time to identify the major sources of **waste**. These can be categorized as costs, time, occurrences or other categories meaningful to your business. Pareto charts are powerful tools to identify the top problems. The question becomes, "How can we do the work better?" Cause-Effect diagrams and flow charts make it possible to focus on eliminating the waste that's been identified. **Root Cause Analysis** techniques can be applied to eliminating waste which will make a significant impact in most businesses.

Management must provide leadership in the **waste reduction (elimination)** efforts. The gains made by eliminating waste translate directly into **reduced costs, increased productivity** and **profits!**

Examples of Monitoring and Measuring Results

Determining Customer Satisfaction

- Conversations with customers
- Would you buy from me again?
- Perception from discussions
- Surveys? Usually not too effective, but can be if done correctly.

Maintenance

- Equipment availability
- PM schedule performance
- Unscheduled downtime

Purchasing (Procurement)

- On time deliveries from suppliers
- Acceptable materials/orders delivered
- Pricing
- General satisfaction and ease of doing business

Use a Systematic Approach

Key Indicator	Unit of Measurement	Frequency	Feedback & Action
1.			
2.			
3.			
4.			
5.			

Essential #9 Develop Internal Resources, 'aka People'

A comprehensive approach to developing resources involves people, facilities, equipment and finances. Overlook any of these and there will be a big void in your plan for becoming the low cost, high quality producer in your industry. In this chapter the focus is on developing the people in your organization.

Organizations sometimes spend "big bucks" with outside consultants, and often become too dependent on the consultants. A better approach is for the consultant to help develop the internal resources of the organization. This follows the old proverb that "it is better to teach someone how to fish than it is to bait the hook for them."

The most important aspect of resource development involves people. This begins with a needs analysis, or figuring out what we don't know in a systematic way.

The **six secrets** to determining training needs include:

1. Know your present situation
2. Identify required competencies
3. Involve employees
4. Survey, discuss and analyze actual data
5. Prepare specific employee development plans
6. Implement the plans

Too often training or professional development programs are bought simply because they are well advertised, well marketed, the latest "fad" or because other organizations are using them. By systematically reviewing the required competencies for each position and evaluating the training needs to satisfy the competencies an organization can deliver training that is on target and effective. This approach fits nicely with the requirements of ISO 9001, TS 16949, AS 9100 and ISO 14001; and the methodology enables an organization to properly utilize its resources to develop training and interventions that are more effective because they meet the specific needs of the people, positions and situations.

Systematic Process: The #1 Secret that so many organizations never learn! This is the secret for knowing your present situation with training.

In a systematic process approach there are four types of analysis:

1. The competencies analysis answers the question, "What are the competencies that an individual must have to perform this job?"
2. The organization analysis answers the question, "Where is training needed in the organization?"
3. The task analysis answers the question, "What must the employee learn in order to satisfy the required competencies?"
4. The person or individual analysis answers the question, "Who needs this training and what specific training do they need?"

Conducting such an analysis is time consuming, but it is ultimately more cost effective. Since the major cost of training is the time and overhead of having people in a training session, the up-front analysis is an effective way to reduce the total cost of implementing an employee training and development process. This comprehensive process yields a thorough understanding of the development needs in the organization and pays dividends in the implementation phase.

5 Tips for Developing Internal Resources

1. Understanding and identifying the required competencies by job function or position, which means knowledgeable people within the organization must be involved in identifying the competencies required for each job function.
2. Researching the present training programs/process can aid in determining the gaps in your current system and clarify where resources need to be allocated for more effective training. Remember, mass training doesn't work well; but, rather "just in time" training is the preferred approach. When training plans (Secret #6) are being developed for each employee, remember that to be effective the training must be transferred into the work place immediately.
3. Involving employees in surveys/discussion groups on a representative basis for the organization will enable you to determine if you've missed something in the analysis phase and if you need to go back and gather more information. Also, this will get employees to "buy-in" with the training plans that are being prepared.

4. Analyzing the results means that someone in the organization takes the time to pull all the information together and using it effectively to develop an overall training and development plan. Many times, a simple matrix of positions and required competencies or training will work great.

5. Preparing specific employee development plans. Now, comes the hard part, the detailed work that makes these six secrets work for you. Specific employee training plans are then assembled into an overall training plan that ideally will cover about a 12 month period. Don't overlook any training required by regulations in your training plan!

This analysis work is most effectively accomplished when a cross-functional team of 3-7 people is utilized. It is very difficult for the HR Manager or HR Assistant to accomplish such a comprehensive task. In many instances an outside resource can be effectively used to plan and facilitate the effort. Outside resources insure objectivity and a focus on results without the "baggage in relationships" that may be present within the organization. In any case it is vital to minimize disruptions to the organization's work and to avoid creating false expectations among employees. Be realistic in planning each phase and allow time to do a complete job. Carefully document the process as you move through each phase.

Of course, before beginning a project like this, it is imperative that management support and involvement is insured. There should be built in periodic **communications** with senior management so there will be "no surprises" when the project is completed.

Overcoming Barriers to Resource Development

- Involve People
- Focus on teamwork
- Show what is expected
- Take a long term approach
- Define specific needs for each position
- Provide the necessary training for all employees
- Communicate, communicate, communicate and communicate
- Encourage employees who are participating in the development process

Focus on doing the right things and it will be easier to develop the internal resources. Evaluate your business and your process for resource development.

Essential #10 Use Technology Effectively

Technology Should Work For You Not Against You

As the saying goes, "Technology is wonderful when it works, but when it doesn't, it can be a disaster." Technology applications are expanding and our industry is no exception.

Using technology appropriately is simply another part of your business tool kit. Businesses can spend lots of money quickly for very little return on investment with technology, unless an organized process is followed.

Successful companies, small and large, will manage technology and harness its power. Others will become "bogged down" in an expensive technological quagmire. Changing from the "paper trail" process to digital is challenging. Purchasing new computers or smart phones for individuals can easily become a confusing task.

One client is currently investigating shop management software to simplify business processes and improve productivity. The initial investment is significant and some in the organization prefer to leave things as they are. They are experiencing the inherent paper system problems including lost production and quality documents, illegible records and hours spent searching for information. Another business changed software and quickly discovered key reports were no longer available because requirements were not clearly defined.

In addition to business management systems, technology absorbs workers' time as they text, twitter and maybe waste work time surfing the web or on facebook® or other social media.

Using technology effectively is like using your working tools correctly. You don't use a sledge hammer to drive a small nail and your business doesn't necessarily need the latest sophisticated software or computers. It is a balancing act. Don't lag behind using old or outdated technology that hampers productivity, but don't become so enamored with technology that you waste money on the "latest and greatest" when you don't need it.

The goal is to make technology work for you not against you. Avoid expensive lessons by considering these steps.

1. Research and Define Requirements Before Buying

Technology decisions are often based upon advertising or personal relationships instead of research, and this is especially true in smaller

businesses. The Owner, CEO or President may not be the best person to decide what is needed. Involve people who are actually doing the work and who will be using the technology to help define needs. Talk to people in similar businesses and learn from their mistakes or successes. Determine 2-3 principles to base requirements on such as work simplification, yield improvements and waste reduction as you begin defining requirements.

Clearly defining requirements, desired outcomes and expected use are essential whether buying a smart phone, tablet PC, lap-top, corporate wide information system or process control system.

A client with a fourteen person shop has tried to “force-fit” off the shelf enterprise software to a business better suited to custom software. The owners decided the cost of the custom software was prohibitive even though key employees knew it would be more effective. They have more than paid in re-work and customer issues. Now, they are researching a custom package for their business.

Some in our industry are not using technology in the quoting process and every quote becomes an adventure. Do not overlook the quoting process and quote reviews when defining requirements.

Actual business needs should always guide the selection process. Think in terms of the processes and steps required for each order when defining requirements. Keep customers, internal and external, in mind.

2. Understand the Work to Be Done

People can become enamored with technology while overlooking the fundamentals of the work being done in a process. Depending on technology is fine, but weak process understanding is expensive.

For example, in a laser metal cutting operation, the programs should be set-up for optimum yield on each metal sheet, so understanding the process is critical to finished cost. When quoting a new job using software, someone should review the quote and apply the “test of reasonableness” before it goes to the customer. Technology is no substitute for understanding and judgment.

3. Emphasize Work Simplification and Process Improvement

Technology advances should simplify work rather than complicate it. Unfortunately, it works opposite of this many times. Focus on automating the repetitive tasks in your business, improving records needed for the

business and getting useful information from your processes instead of just having lots of unusable data. Overall scrap rates might be nice to have, but more useful information is a report or graph showing scrap by operator, process or product. Now, you can simplify or improve a process using facts.

4. Establish Acceptable Use Policies

Establishing an acceptable technology use policy for internet, smart phones, social media or other technology available to employees is vital for preventing problems. It may not be practical to have a “no internet use at work” or a “no personal phone calls” policy, but rules and guidelines must be established, communicated, understood and enforced with appropriate consequences for violating the policy.

While flexibility can be inherent in your policy, it must be clear that work is more important than social networking updates and there are consequences for not following the policies. Certainly, “No Pornography, No Sexting and No Bullying” should be included.

5. Train Employees

Training in specific technology applications is essential. Asking employees to use new or different software or hardware with no training is expensive in terms of lost time, errors and low productivity. Train people in what they need to know up front and offer refresher training to those who may need it.

6. Use Technology for Marketing

If your business is not on the internet it communicates you have been left behind. While you could have a modern shop and equipment, the absence of a web presence and company domain name sends the message that you are not up to date. The basic guideline is to create a functional, easy to use and informative website without it becoming a money-pit.

Businesses in our industry are adding e-commerce options. One owner told me sales have increased significantly, but it was not easy to do. They learned that many items sold via the internet required multiple phone calls and customer interactions. When considering how e-commerce could increase revenue, be aware that it may still require internal resources.

Email addresses should use the company domain and not “xysmith235@yahoo.com” or similar open email. Lack of a business email address says you are behind the times. While you may disagree, it is reality today.

An email newsletter is a simple way to keep your business in front of customers and potential customers. Small businesses can easily develop a contact list and publish a simple newsletter. Consider using a service like Constant Contact® or similar inexpensive service to help you publish a professional looking newsletter. Of course, the content must be well written, relevant and make sense for your target market.

Many marketing experts say that businesses must be on facebook®, linkedin® or other social networking sites. In our industry, it remains to be seen the effect these sites will have on profitability. Certainly, it could be helpful as an overall part of your marketing strategy, but be sure it fits your business.

7. Be Careful With 'Smart' Phones

'Smart' phones are just pocket sized computers with phone capabilities. Whether companies provide them or employees use personal smart phones for business there are issues to consider. Wasted time, compromised company information (i.e. lost phone) and what to do when the employee leaves the company can have serious business consequences. Small businesses are particularly vulnerable since most do not have an IT department to provide security and controls. When smart phones are used for company business it is essential to address their use and how company information is to be handled. *For example, is the contact list company property or employee property?*

8. Technology Should Serve Business Needs

Following the steps outlined above will help you use technology more effectively to meet your specific business needs. It is frustrating to hear "our system won't allow us to do that" when a customer is asking for something special. Do not fall into this trap!

"Never let your business systems dictate how you do business" is what I continue to tell clients. Insist that business technology applications help serve customers. Require business systems to conform to business needs not the other way around!

Summary

Now that we've covered all ten of the essential factors for business success, why not take a few minutes and evaluate your business using the checklist that accompanies this course. Knowing is NOT doing. We must KNOW and DO, so no time like now to get busy!

Ten Essentials Checklist for Evaluating Your Business

Evaluating Your Business: Ten Essential Success Factors				
<small>by: Davis Woodruff, PE, CMC, Management Methods, Inc., Decatur, AL, davisw@managementmethods.com</small>				
Essential Factor	Does Not Meet Requirements	Meets Requirements	Exceeds Requirements	Comments
Essential #1: Effective Leadership				
1. Leaders at all levels are credible and competent	1	2	3	
2. Leaders lead with integrity	1	2	3	
3. Leaders at all levels demonstrate concern for their people	1	2	3	
4. Basic work expectations have been defined and communicated to all people in the org.	1	2	3	
5. Leaders at all levels set the proper example	1	2	3	
Essential #2: Focus on People				
6. Everyone in the organization knows what is expected of them	1	2	3	
7. Employees are involved in decision making	1	2	3	
8. Routine performance feedback is provided for all employees	1	2	3	
9. ALL employees are treated with dignity and respect	1	2	3	
10. Required competencies are identified and training provided and evaluated	1	2	3	
Essential #3: Serve the Customer				
11. Everyone in the organization knows their customer	1	2	3	
12. Customer requirements are known, defined and documented	1	2	3	
13. Customer service is a demonstrated priority by management	1	2	3	
14. Complaints from customers are documented and corrective action implemented	1	2	3	
15. We measure and communicate customer satisfaction	1	2	3	
Essential #4: Manage the Processes				
16. We have identified our work/business processes and their interrelationships	1	2	3	
17. Processes are documented with clearly written, up to date procedures	1	2	3	
18. Every employee knows and understands "the work to be done"	1	2	3	
19. Process monitoring and measurement is defined and understood	1	2	3	
20. Goals are established, deployed and results measured at all levels	1	2	3	
Essential #5: Insure Compliance				
21. A process is defined and implemented for knowing legal and other requirements we must satisfy	1	2	3	
22. We have an environmental management system fully deployed (ISO 14001 type system)	1	2	3	
23. We conduct routine internal audits and act on the results	1	2	3	
24. We have conducted OSHA, HR, SOX and other internal or external audits	1	2	3	
25. All permits are up to date and we have no Notices of Violations	1	2	3	
Essential #6: Quality System Essentials				
26. We have a fully documented and deployed ISO 9001 QMS	1	2	3	
27. Our quality system covers all areas of the business	1	2	3	
28. We monitor and measure products and processes	1	2	3	
29. Internal audits are done and results acted upon.	1	2	3	
30. Quality is a demonstrated priority in decision making	1	2	3	
Essential #7: Continual Improvement				
31. We have a systematic approach to continual improvement	1	2	3	
32. We make fact-based decisions	1	2	3	
33. Appropriate tools of continual improvement are utilized	1	2	3	
34. Results indicate effective continual improvement	1	2	3	
35. A documented corrective and preventive action system is used	1	2	3	

Essential Factor	Does Not Meet Requirements	Meets Requirements	Exceeds Requirements	Comments
Essential #8: Measure Results				
36. The major categories/causes of waste are known	1	2	3	
37. We know the actual cost of operations, quality, overhead and waste in our organization	1	2	3	
38. We have a planned continual improvement process and monitor our processes for effectiveness	1	2	3	
39. Profit and loss results are measured and reported to appropriate levels in the organization	1	2	3	
40. We use technology for work simplification	1	2	3	
Essential #9: Develop Resources				
41. A comprehensive training needs analysis and required competencies evaluation has been conducted within the past 2 years	1	2	3	
42. A training plan exists and is used for each job in the organization	1	2	3	
43. Appropriate training is completed when new processes, products, procedures or equipment are introduced	1	2	3	
44. Technology reviews are an annual event and we make provisions for updates and productivity improvements through technology applications	1	2	3	
45. Periodic resource, work environment and infrastructure reviews are done and documented to include facilities, equipment, utilities, support systems, budgets and personnel	1	2	3	
Essential #10: Use Technology Effectively				
46. We research technology applications for our business				
47. Employees understand processes before depending on technology	1	2	3	
48. Up to date equipment and/or processes are utilized	1	2	3	
49. Employees are learning new applications for technology and software	1	2	3	
50. We use technology for work simplification	1	2	3	
Total Score:				TOTAL:
Interpreting the Results:	>130 great shape, focus on continual improvement			
	95-129 you need some work			
	80-94 you need a comprehensive improvement process			
	<80 you're in real trouble			
NOTE: if any of the 10 essentials is <7, it needs work now!				

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