




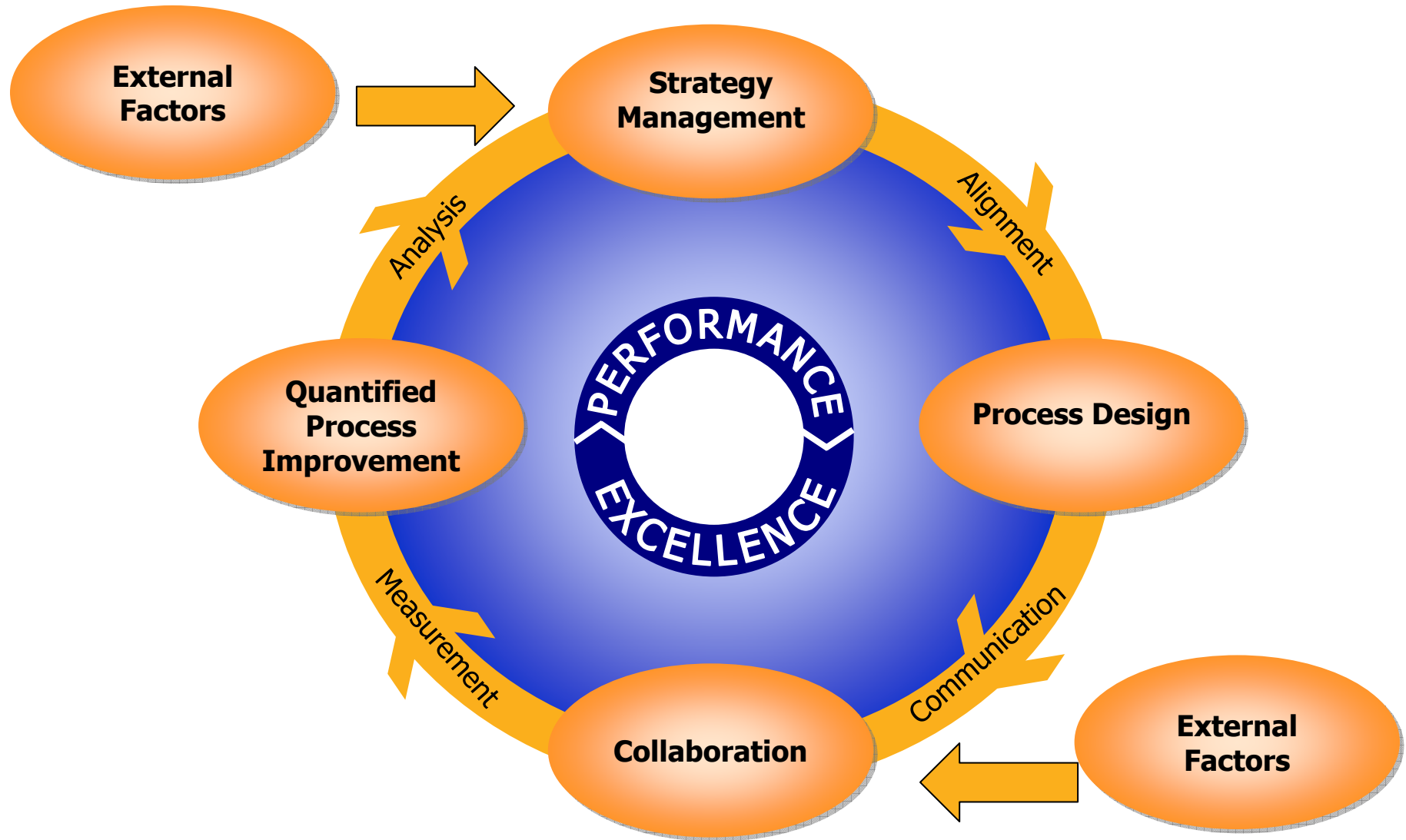
Balanced Scorecard development with Lean Management Practices

Remember to call the conference line to hear the audio
(605) 772-3434, access code 366-696-820

Introduction

-  QBPM™ Framework: Gail Raynus, Share Dynamics
-  Software demonstration: Maija Erkheikki, QPR Software
-  Quotes: John Wooden, the famous basketball coach
 - *"When you are through learning, you are through"*

"Take what's available and make the most of it"



The Way to Do it: Quantitative Business Process Management

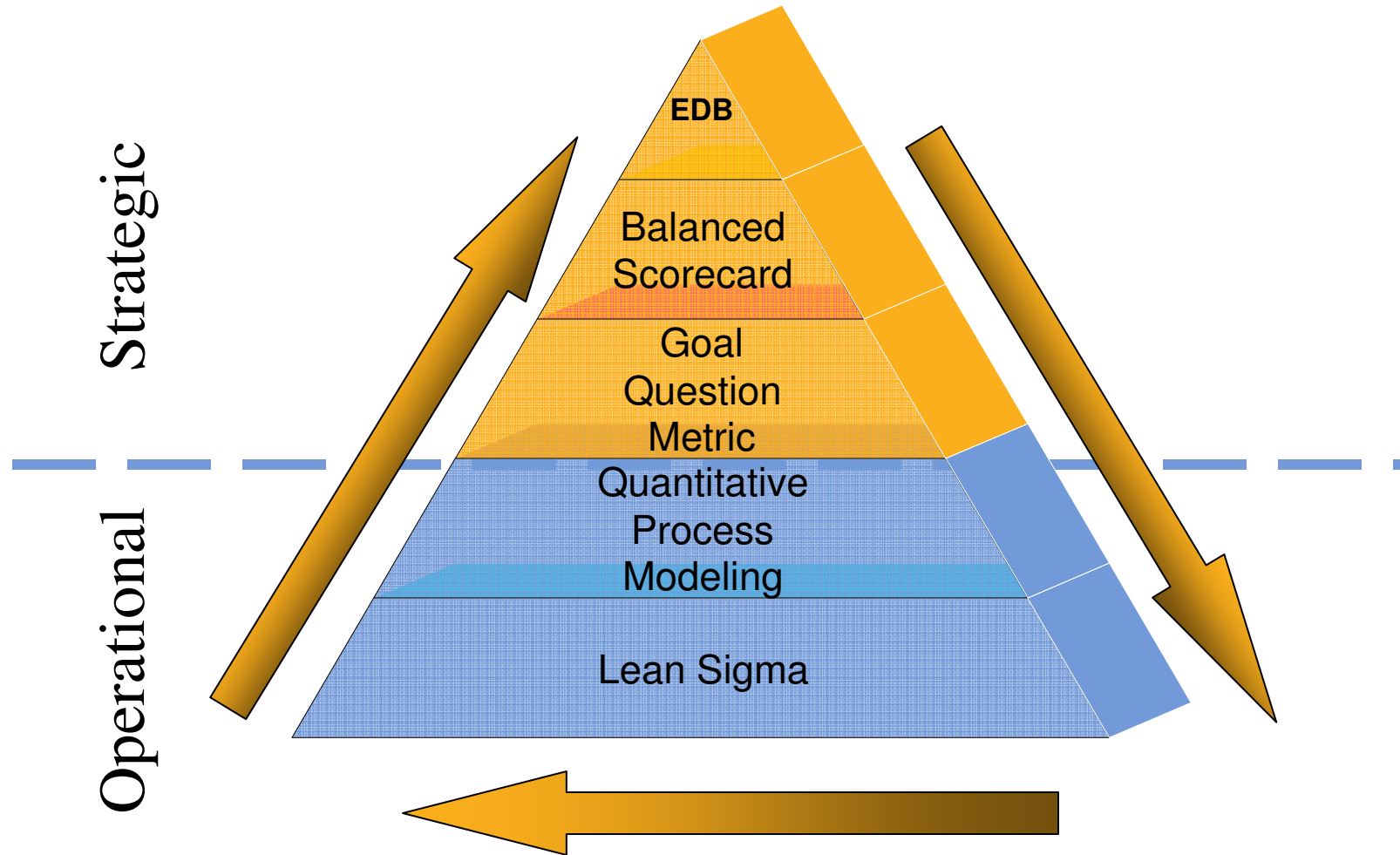
- ||| QBPM™ is an original methodology of establishing quantitative measures to strategically manage and continuously improve business processes at all levels of organization

QBPM™ Objectives

The key objective of QBPM™ is to provide a comprehensive framework that helps organizations:

- Monitor and control process performance
- Achieve alignment of organizational goals and objectives with operational processes
- Drive improvements
- Maximize the effectiveness of improvement effort
- Improve cross-functional collaboration

QBPM™ Components



Balanced Scorecard

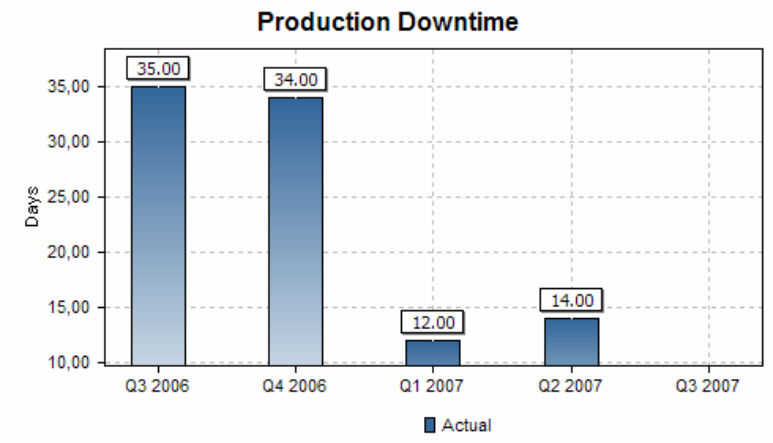
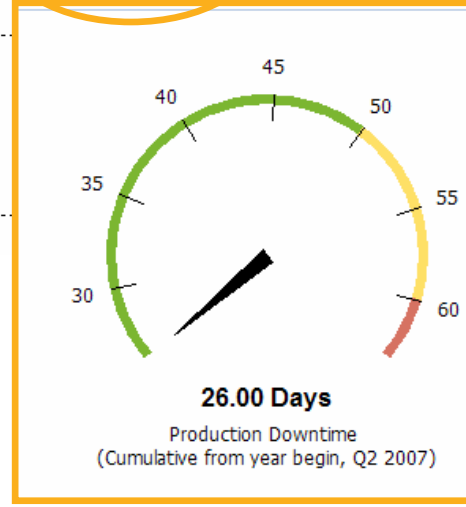
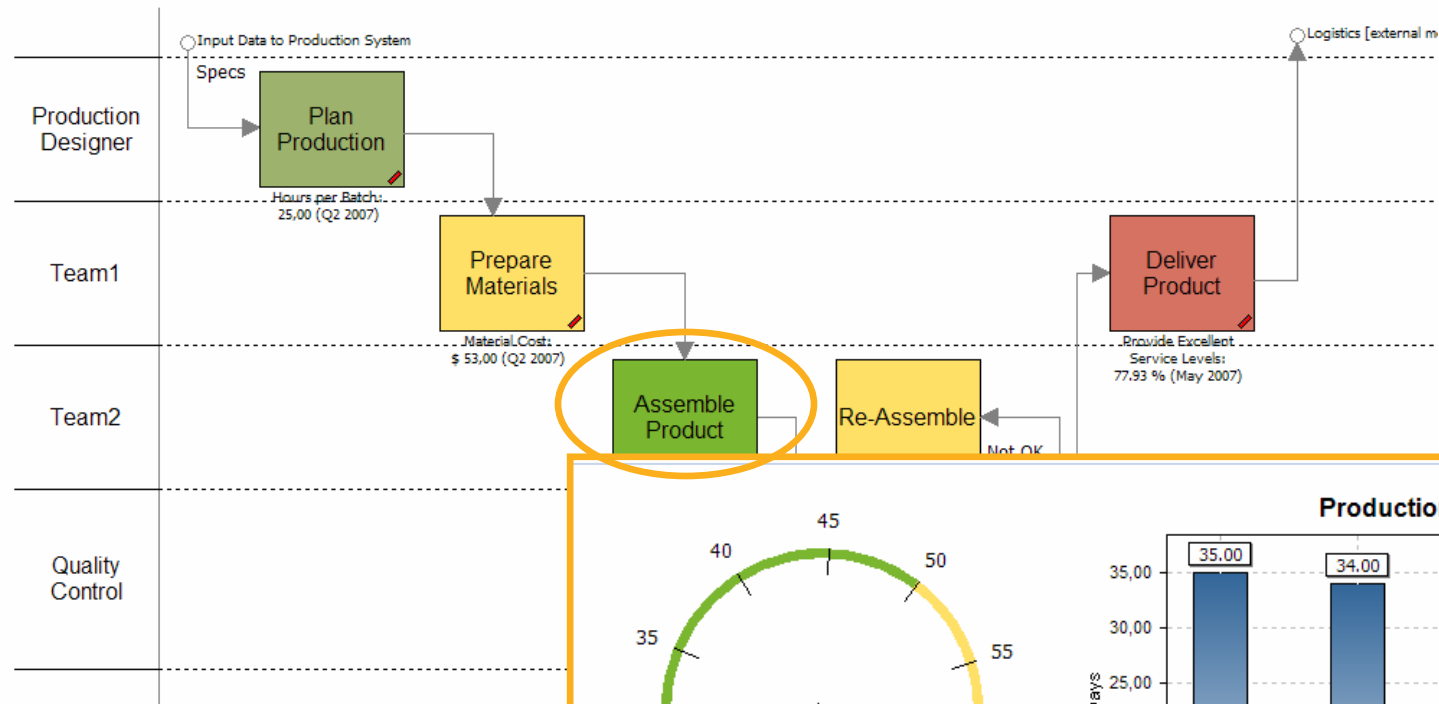


- Links strategy and customer needs to the improvement efforts
- Measurements based on strategy is an ideal way to evaluate performance
- Executive scorecards linked to detailed scorecards based on strategy
- Results are measured, monitored, and shared with all parties involved

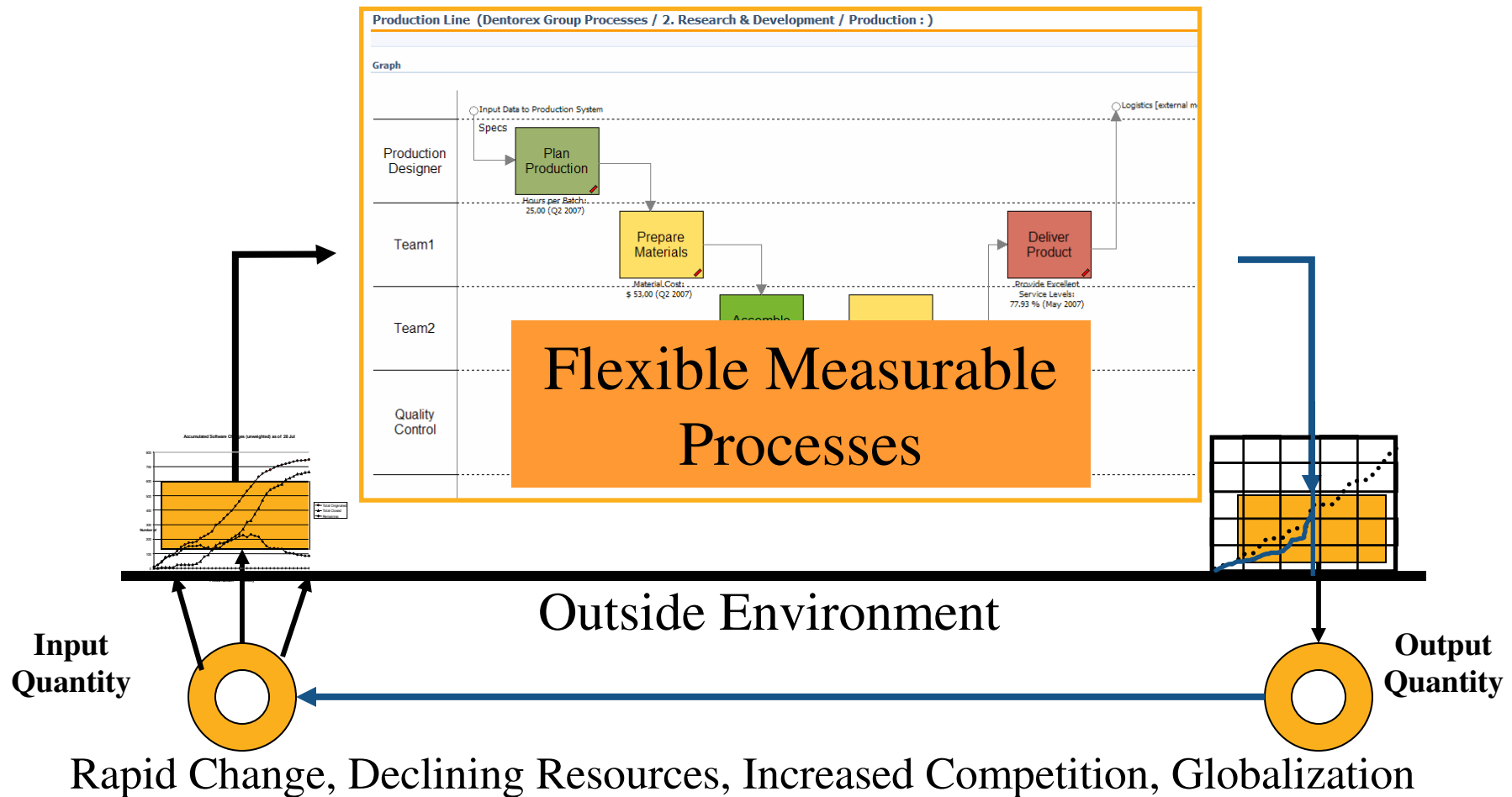
Measure Business Process Performance

Production Line (Dentorex Group Processes / 2. Research & Development / Production :)

Graph



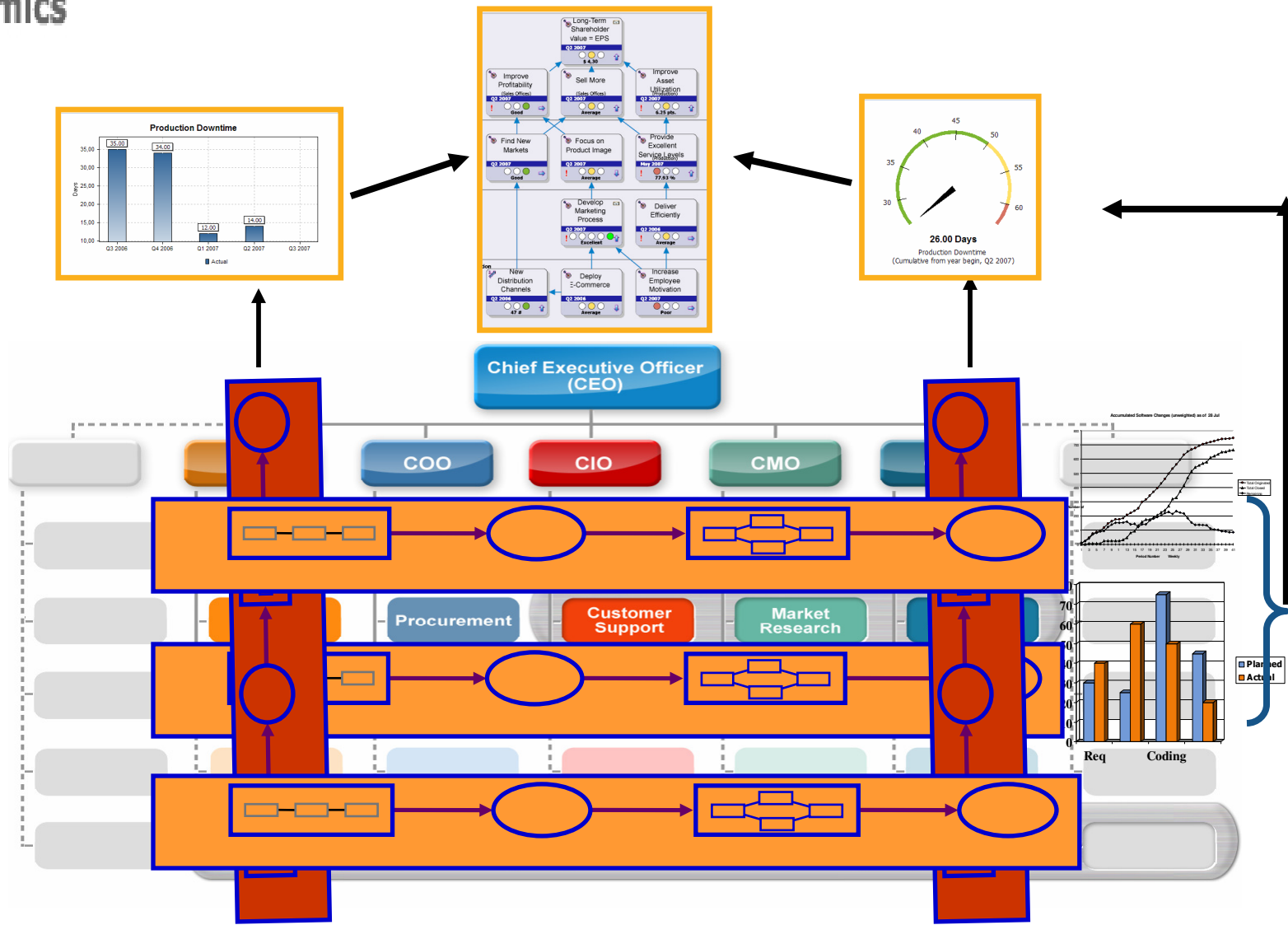
Balancing Act



Steps to Efficient Performance Measurement

- Establish clear strategy, goals and targets
- Establish relationship between internal goals and environmental inputs
 - influence of outside environment
- Set quantitative measurement goals to compare with actual results
- Construct KPI's to achieve and maintain stability in dynamic internal and external environment

Don't just measure at the top Share information and collaborate across all levels



Balanced Scorecard Measurements

- ||| The purpose of measurements is to guide, forewarn, and inform
 - “in flight” course corrections
 - Advance warning of potential problems (e.g. trends, process variances)
 - Process progress (e.g. process transparency for cross-functional teams)

- ||| Measures are the key elements to achieve maximum business performance if they are:
 - Driven by business requirements and organizational objectives in the areas
 - Productivity, resource management, quality, and customer service
 - **Quantifiable and easy to redefine to meet changing needs of the organization**
 - Mapped to the individual goal and meaningful to all people involved

Common Measurement Mistakes



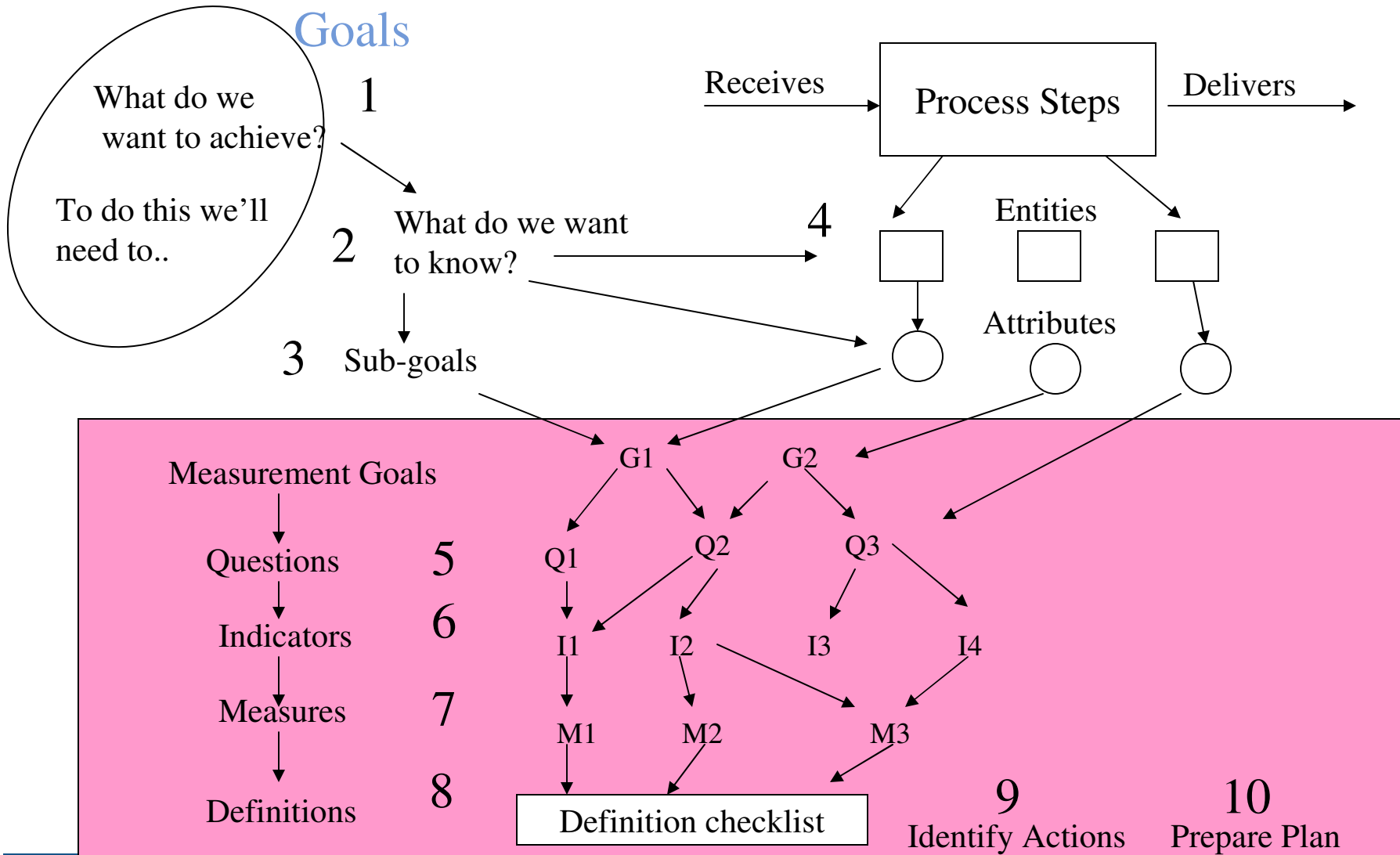
- Piles of numbers – use BSC to identify the vital few
- Inaccurate, late or unreliable data
- Trying to meet a target versus understand the process
- Measurements that are too broad or too specific
- Punishing people instead of fixing the process

“Never mistake activity for achievement”

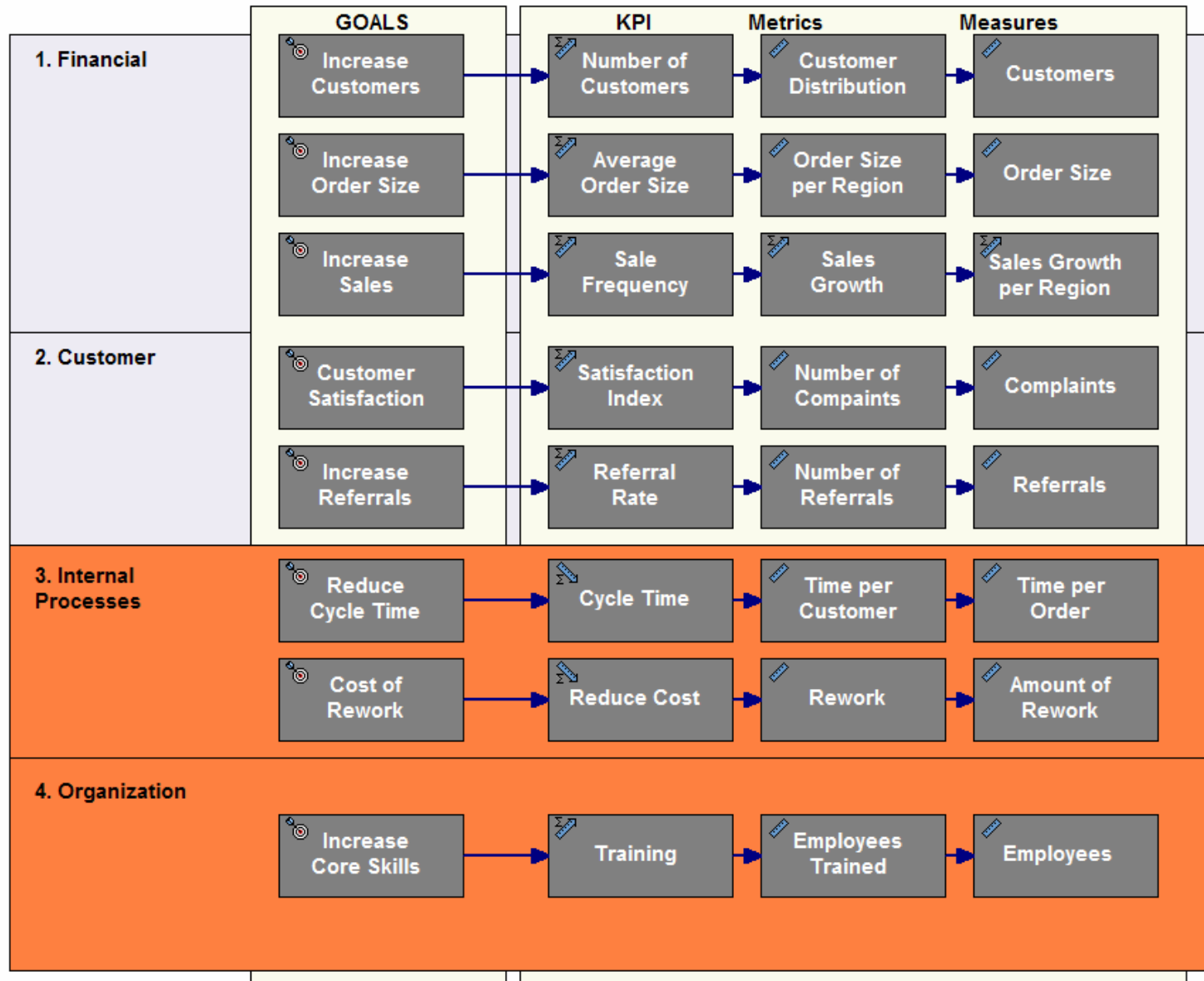
Measurement Definition Process

Business Goals




Process Model



Goal-Question Metric Example

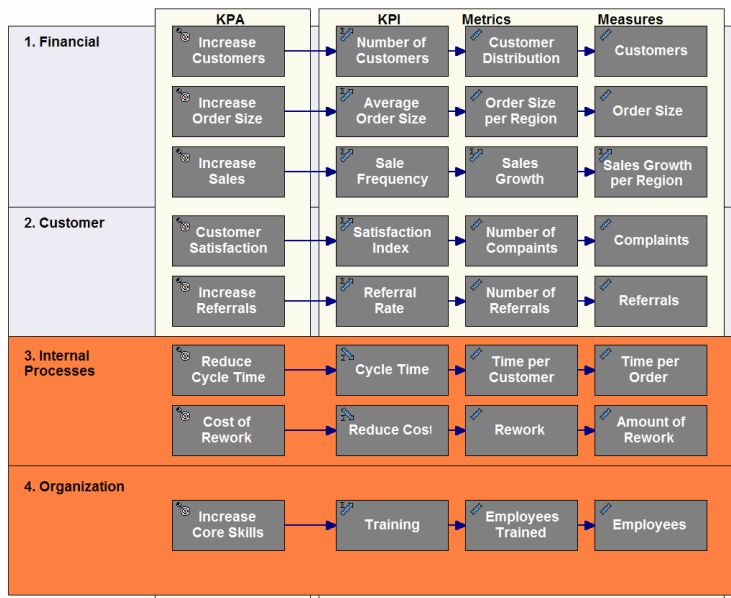


Lean Six Sigma

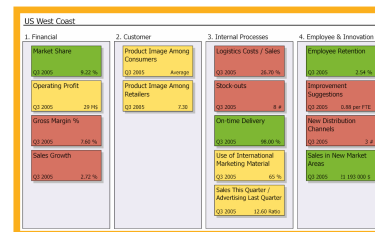
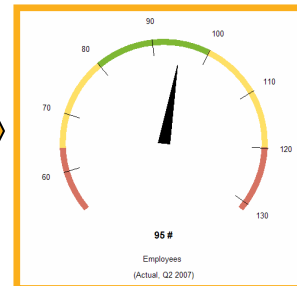
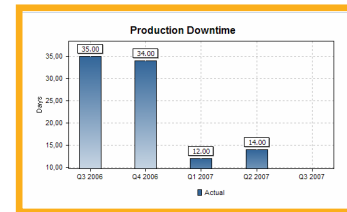
-  Lean Six Sigma is a harmonious “marriage” between Six Sigma, which fixes individual processes, and Lean Management Practices, which is looking at the connections among processes
-  Six Sigma measurement tools are used to analyze waste, re-work and variation of each process
-  Key performance measurement tools used by Lean Six Sigma are:
 - Line graph – to measure customer quality requirements
 - Pareto chart – to focus the root cause analysis
 - Fishbone diagram – to analyze the problem root causes

Scorecard and Lean Integration

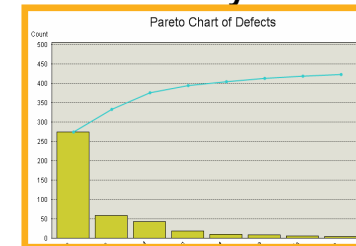
Balanced Scorecard Definitions



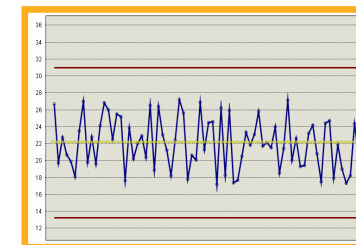
Process Metrics & Variance Indicators



Lean Sigma Analysis

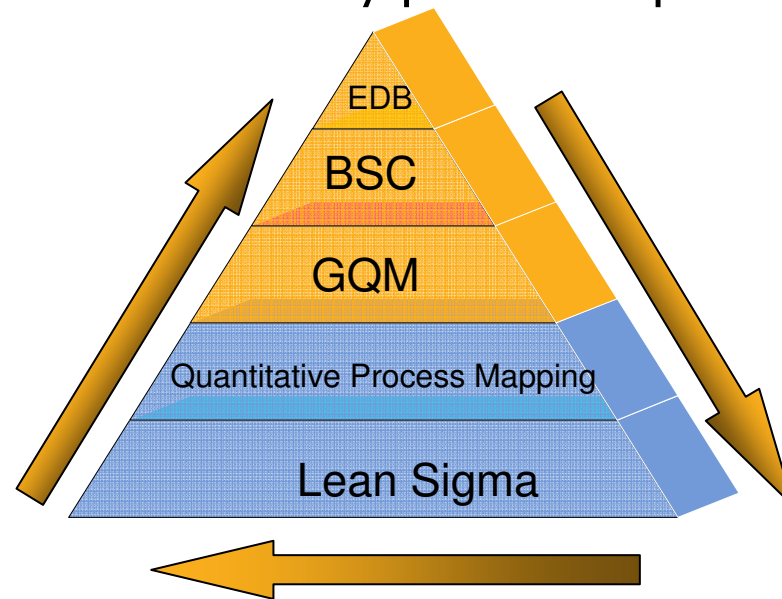


Defects	Counts
Scrap	4
Missing Studs	6
Unconnected Wire	8
Incomplete Part	10
Defective Housing	19
Leaky Gasket	43
Missing Clips	59
Missing Screws	274



QBPM™ Methodology Summary

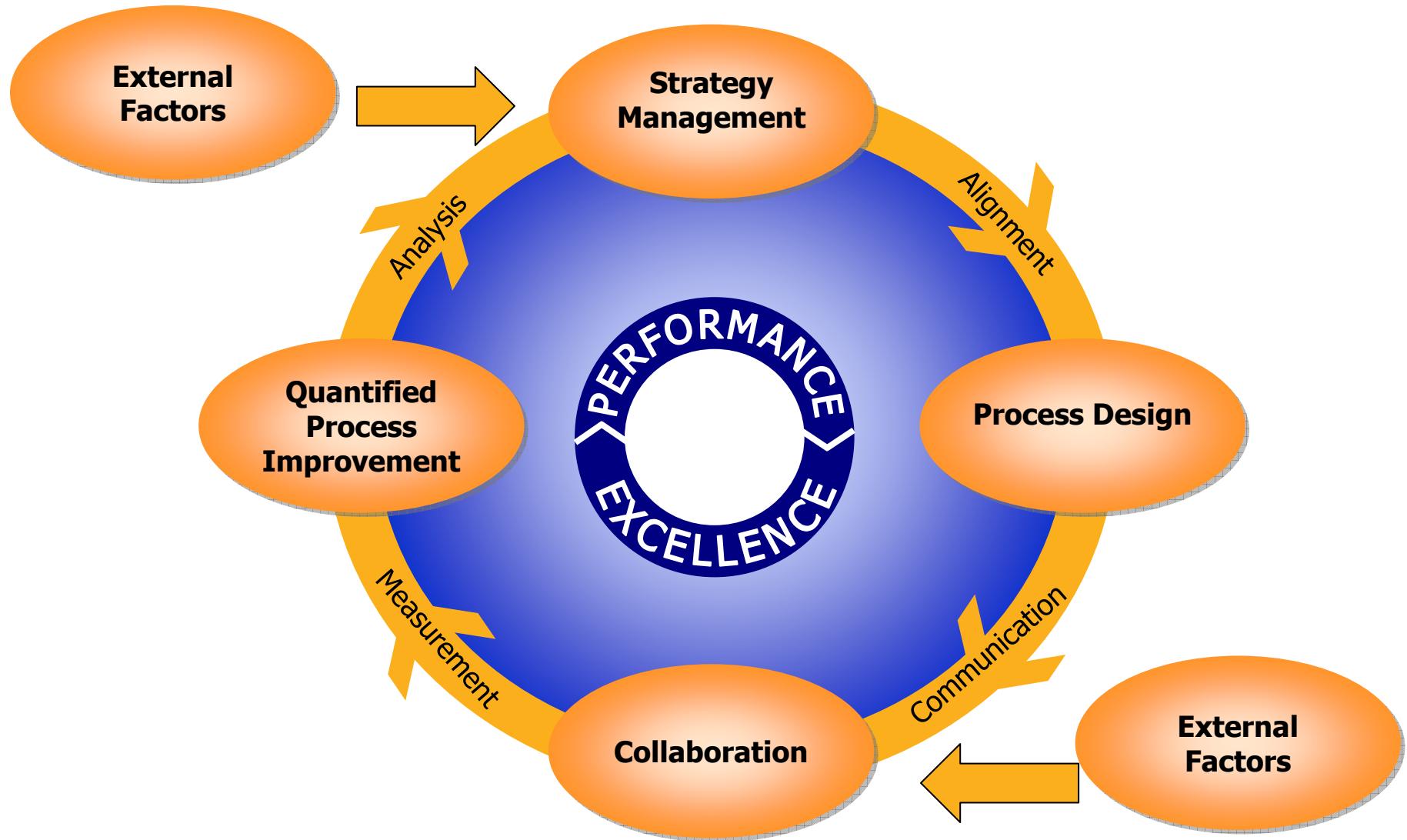
- Delivers important information for the business decision making
- Gives managers control over business direction
- Increase process awareness
- Enables collaboration and process transparency
- Provides managers with tools to assess and analyze process performance and identify process improvement opportunities.



Live QPR Demo

- Developing your strategy map/ balanced scorecard foundation in QPR ScoreCard
- Using Goal-Question-Metric as a template to ensure that a basic set of measures is used for each scorecard
- Mapping processes with QPR ProcessGuide
- Linking measures to process steps
- Analyzing data with QPR FactView

*"Hard work is the difference.
Very hard work"*



Questions?

Submit your questions using GoToWebinar control panel

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