

Teleconference

Dial-in Number: 209 647-1075

Access code: 1013004#

Webcast

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Creating an Annual Improvement Plan

This webcast is focused on how to complete the Annual Improvement Plan that is often a part of the strategic planning process. It is recommended for senior leaders who will prepare the company's goals, targets, and objectives. The duration is less than one hour.

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Objectives

- Why do we need an annual improvement plan?
- How does the annual improvement plan fit in the roadmap?
- What are our goals, targets and objectives?
- How will we review our progress?

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Roadmap

	Stage One	Stage Two	Stage Three
	Stabilization	Integration	Sustaining
Leadership & Culture	1.1.1 Strategic Planning Process 1.1.2 Leadership Communication Process 1.1.3 Organizational Performance Review Process 1.1.4 Continuous Improvement Management Process 1.1.5 Workforce Development Integration Process	1.2.1 Supply Chain Integration Process	1.3.1 New Product Startup Process
Workforce Development	2.1.1 Job Skills & Cross-Training Certification Process	2.2.1 Continuous Improvement Process	
Operational Excellence	3.1.1 Kaizen Process 3.1.2 6S Visual Workplace Process 3.1.3 Quick Changeover/SMED Process	3.2.1 Material Management Process 3.2.2 Production Planning Process 3.2.3 Development Process	
Business Results	4.1.1 Inventory Turns 4.1.2 Sales/Employee 4.1.3 On-Time Delivery 4.1.4 Parts per Million		4.3.1 Process Maturity 4.3.2 Quick Ratio

Certification Level

Bronze OTD 90-94.9%, PPM<15,000
 Silver OTD 95-98.9%, PPM<10,000
 Gold OTD 99-100%, PPM<2,500

Annual Improvement Plan & Roadmap

	Stage One Stabilization	Stage Two Integration	Stage Three Sustaining
Leadership & Culture	1.1.1 Strategic Planning Process 1.1.2 Leadership Communication Process 1.1.3 Organizational Performance Review Process 1.1.4 Continuous Improvement Management Process 1.1.5 Workforce Development Integration Process	1.2.1 Supply Chain Integration Process	1.3.1 New Product Startup Process
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Annual Improvement Plan is an output of 1.1.1

Scorecard and Targets are reviewed as a part of 1.1.3

Process owner report improvement activities in 1.1.4

These activities drive improvements to meet the annual improvement plan

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- Silver OTD 95-98.9%, PPM<10,000
- Gold OTD 99-100%, PPM<2,500

Metrics

- Measure it the way your customer looks at it
- Standardize the way you measure - be consistent
- Link every department and work area to the top level metrics

Definitions

On-Time Delivery “OTD”

Number of on-time parts delivered divided by total parts delivered expressed as a %.
Uses “promise date” defined as the date the supplier agreed to deliver.

Inventory Turns

Annual Cost of Goods Sold (12 month rolling average) divided by
Period-average inventory (average for the most recent month)
Inventory includes raw, WIP, and finished goods.

Sales per Employee

Sales revenue for the quarter divided by total number of employees at the end of the
quarter (direct and indirect) expressed in dollars.

Definitions

Parts Per Million “PPM”

Refers to the number of defective parts shipped divided by the total number of parts shipped in a period normalized to 1,000,000 parts. This will be calculated using validated customer-reported defects.

Quick Ratio

Current Assets minus Inventories divided by Current Liabilities.

Processes at Level 3 or above

Count the absolute number of processes at Level 3 or higher in process maturity, including processes on the SEA Roadmap and other processes that you have designated Managed Processes.

Definitions

Improvement Plan % Complete

Divide the total of items complete by the total of items anticipated at completion. Express the result as a percentage.

Development Hours

Total employee hours invested in formal training and/or improvement activities such as workshops, Kaizens, or problem-solving meetings. Hours must be related to implementing and maintaining processes in the SEA Roadmap. Available Labor Hours means all hours both direct and indirect for all employees.

Improvement Plan Example

Goals

<u>Near-Term</u> (12 mos.)	<u>Medium-Term</u> (12-24 mos.)	<u>Long-Term</u> (24+ mos.)
<ol style="list-style-type: none">1. Achieve 97% on-time delivery for all value streams2. Reduce PPM on all value streams to <20003. Continue lean implementation – achieve inventory turns of 84. Reduce lead time through 2 major suppliers to less than 12 weeks	<ol style="list-style-type: none">1. Achieve 99% on-time delivery for all value streams2. Reduce PPM on all value streams to <5003. Continue lean implementation – achieve inventory turns of 124. Reduce lead time through 4 major suppliers to less than four weeks	<ol style="list-style-type: none">1. Achieve 100% on-time delivery for all value streams2. Reduce PPM on all value streams to <1003. Continue lean implementation and achieve 15 inventory turns4. Reduce lead time through all major value streams to less than two weeks

Improvement Plan Example

Improvements in SEA Measures - Targets

Measures	Q1	Q2	Q3	Q4
On-time Delivery	96%	97%	98%	99%
Inventory Turns	4.2	5.5	6.5	7.5
Sales per Employee	88000	90000	95000	102000
Defective Parts Per Million	20,000	15,000	12,000	10,000
Quick Ratio	.9	1.0	1.1	1.2
Processes at Level 3 or above	11	20	30	40
Improvement Plan % Complete	15%	45%	85%	100%

Improvement Plan Example

Roadmap Process Group Objectives

Leadership and Culture (L&C)

Achieve Level 3 Process Maturity on all Stage One leadership processes
Provide 24 hours of training to upgrade process owner skills
Value stream champions set 2008 goals and metrics for each value stream
Establish profit sharing plan to support improvement effort

Workforce Development (WFD)

Create 10 new master trainers
Provide 32 hours of training per employee
Achieve 100 job skills certifications

Operational Excellence (OE)

Conduct 2 kaizens per month
Achieve Level 3 Process Maturity on all Stage One OE processes
Reconfigure ABC cell to reduce lead time

Value Streams (VS)

Conduct 2 Kaizens per month
Achieve Level 3 Process Maturity on managed processes (6)
Reconfigure XYZ cell to reduce lead time
Reduce setup time on ABC station
98% on-time delivery
<200 DPMO

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Thank You



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