

Tracc Executive Conference North America: Moving From Expert-Led to Sustained, Continuous Improvement

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Connecting execution with strategy and planning is a major hurdle to becoming demand driven, especially across multisite global networks. Abandoning homegrown approaches to operational excellence and investing in an externally developed and packaged management system may be the best decision for those struggling to scale and sustain their improvement efforts globally. Several companies using Tracc to guide their continuous improvement programs recently shared their experiences at the Tracc Executive Conference.

Key Findings

- Companies with the vision, alignment and leadership commitment required for a transformation still struggle with execution when they don't have a strong management system for operational improvement.
- Global manufacturers have difficulty scaling and sustaining homegrown, project-based, continuous improvement programs.
- Leading companies recognize and are addressing the need to sustain excellence by engaging a broader population of employees than expert-led methodologies like Six Sigma achieve.
- Successful businesses cite rigorous measurement and reporting of performance benefits as critical for maintaining executive support and patience during the journey toward operational excellence.

Recommendations

- Assess the effectiveness of your company's quality and continuous improvement management systems to achieve sustained execution and employee engagement. Don't stop at measuring only the hard performance benefits.
- Strive for a common approach to quality and continuous improvement. Resist the temptation to make custom adjustments that limit agility, reach and transparency.
- Consider packaged products like Tracc before investing further in proprietary homegrown systems, especially if versions in multiple languages are required.
- Evaluate both the opportunities and competitive threats presented by the emergence of readily available operations excellence management systems like Tracc and collaboration communities like Competitive Capabilities International (CCI).

WHAT YOU NEED TO KNOW

CCI is an operations excellence management company with over 20 years experience in helping manufacturers align people and processes into capabilities that improve productivity. The company developed Tracc, an improvement management system that leverages best-practice knowledge and provides an integrated framework to connect all initiatives into a road map for the implementation of performance improvements as part of an operating strategy. According to CCI, the Tracc system is available in 14 languages and has been implemented at over 1,000 sites worldwide.

EVENT

Event Facts

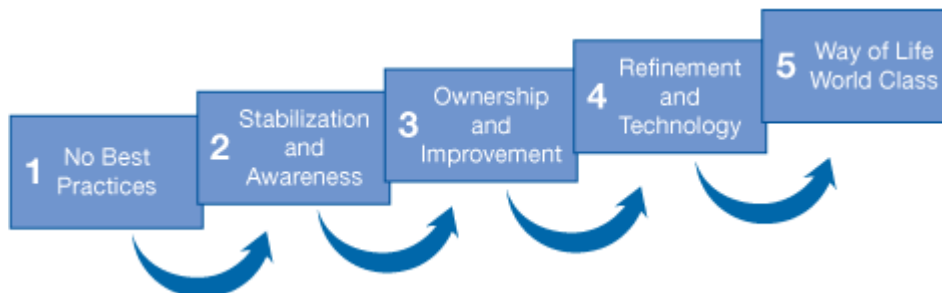
On 16-17 September 2010, CCI hosted its Tracc Executive Conference North America in Houston, Texas. About 100 executives and practitioners heard the stories of operations leaders from companies such as DuPont, Fonterra, Heinz, Kellogg and MillerCoors that have adopted CCI's Tracc improvement system.

Analysis

About the Tracc Continuous Improvement System

Tracc provides a structured framework for pursuing balanced operational excellence through a sequence of five maturity stages (see Figure 1). The system is composed of 10 best-practice areas, starting with Leading and Managing Change and followed by four foundational capabilities derived from basic lean, total productive maintenance, total quality management and Six Sigma techniques. Additional "pillar practices" are added once the foundational capabilities are mastered. CCI will add pillar practices for supply chain and administrative processes in 2011.

Figure 1. Stages of Tracc Continuous Improvement Maturity



Source: Competitive Capabilities International (October 2010)

A company begins Tracc by forming an implementation task force (ITF), assessing its current maturity level and selecting from a collection of Tracc Maps, which define implementation pathway options. Advancement to the next stage of maturity for a best-practice area requires completing between five and 10 defined implementation actions. The Tracc product is designed for self-assessment and implementation, based on CCI's observation that permanent transformation change can only be achieved from within. A Web-based DigiTracc system contains the assessment tools and the continuous improvement database for documenting progress of each ITF in the organization. Implementation toolkits are contained within the system as well as supplied in modular handbooks, which are available in 15 languages. CCI has formed

a network of regional independent consulting firms to provide training and support to the companies that require it.

Customer Testimonials: DuPont, Kellogg and Heinz

The Tracc system seems too good — and straightforward — to be true, yet the executives from the global manufacturing companies who presented at the conference swore by it. One of the featured presenters at this year's events in Houston and Prague was from DuPont. The company adopted Tracc as the unifying system for integrating multiple existing management systems to orchestrate the implementation of its transformational DuPont Production System (DPS). This decision, made in early 2009 after initial DPS implementation at 18 facilities, allowed DuPont to discontinue its engagement with a major consulting firm and transition to self-implementation while quadrupling its rollout pace. An estimated 120 sites will have implemented DPS by the end of December 2010.

According to Don Wirth, vice president of integrated operations, the Tracc system provided DuPont with clarity of the appropriate sequence of initiatives, reducing confusion about the roles of its many internal centers of competency that continue to support DPS. The goal for DPS, supported by the deep and thorough content within Tracc, is for each operating site to perform self-assessment, build core capabilities such as teamwork and problem solving, and take responsibility for developing and executing a comprehensive improvement plan. A tour of DuPont's LaPorte, Texas, facility at the end of the conference showed how each operating unit openly displays progress against its plan. They use visual boards to review operations and drive action on a daily basis.

Mr. Wirth identified one critical capability not enabled by Tracc: The system of rigorous benefits tracking and reporting must be established internally. Launching over 400 ITFs in the past 18 months, DuPont diligently measures and reports on the results the ITFs deliver, using an internally developed Web-based system. This is critical to maintaining executive support for the effort, says Mr. Wirth. He sees his role as a translator between the executive and operating levels so that workers can enjoy improved job satisfaction, while executives monitor progress against external commitments. The Tracc system helps him strike the optimal balance between improvement driven from the top and enabled by empowerment at the operating level.

Kellogg is also using Tracc to implement its K-Learn process at eight Latin American factories. This systems approach is a departure from the temporary improvement cycles that experience gradual performance deterioration after the departure of a consultant or the internal transfer of a key individual. According to Kellogg, the Tracc implementation involves a minimal investment using the company's own resources. It negotiated changes in worker roles and compensation with the local labor union, reorganizing to include maintenance personnel within work crews. Results have included a 43% reduction in waste and 4% increase in packaging capacity.

Heinz transitioned to the use of Tracc after years of expert-led continuous improvement, reducing external consulting spend by 70% and increasing productivity over 5% at 28 sites globally during the past 15 months. One key change Heinz mentioned was the departure from a "project mentality" that attempted to attribute benefits at a granular level to specific activities. The company's advice is to focus on the goal, develop an appropriate rationale for the "right thing to do" and measure overall performance as the basis for success.

While CCI indicates that Tracc is being used in over 30 industries, most of the attendees and published case studies are from brewing and food and beverage sectors. DuPont's adoption of Tracc represents a potential breakthrough for the chemical industry, whose management systems are biased toward safety, risk management and expert-led projects. If DuPont is successful, others may be willing to consider a system not designed specifically for the chemical industry, but proven to engage site personnel in driving broad transformation initiatives. DuPont found that

early versions of its DPS system were customized by site and region, slowing implementation and limiting scalability. The company is currently resisting the temptation to customize and tinker with the Tracc system. Instead, it's encouraging its most eager innovators to invest their efforts in identifying improvements that can be driven back into future versions of the product.

This is a form of open innovation that doesn't come naturally to technology companies that are wired to protect their "know how." It may be the necessary step, however, to break through the cycles of performance improvement and deterioration that often result from organizational turnover and market cycles.

Gartner's Take

Vision, leadership, alignment and discipline are important ingredients to operational excellence. They can be sharpened with outside help, but not purchased. However, the details of a management system that drives continuous improvement and builds organizational capabilities long protected as proprietary technology are becoming available in products like Tracc and further developed by communities of collaboration and innovation like CCI.

For the chemical manufacturers evaluating the effectiveness and reach of their operational excellence programs, consider alternatives like Tracc before investing further in proprietary systems. Leaders should also evaluate the competitive impacts of products like Tracc, which will enable emerging producers to rapidly obtain operational excellence that heretofore required decades of diligence to create.

CCI still has many challenges ahead as it refines its product offerings and commercial strategies. Tracc, however, represents the open-innovation emergence of management practices to complement industry best practices embedded in technology from providers like AspenTech and Invensys, which serve the process manufacturing industry. Whether your company elects to join the community or not, recognize that they exist and may accelerate the development of your future competitors.

RECOMMENDED READING

"The Product Supply Strategy: The Changed Face of the Traditional Manufacturing Strategy"

"Sloan Valve: Lean Works Best in a Business Transformation Context"

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