

# Rural Best Practice Sharing

Quality Summit

April 23, 2008

# Best practices

What makes something a “best practice”?

What do you do with a “best practice”?

# Best practice

**Best practice:** A superior method or innovative practice that contributes to the improved performance of an organization, usually recognized as best by other peer organizations.

([www.ASQ.org](http://www.ASQ.org))

**Best practice** asserts that there is a technique, method, process, activity, incentive, or reward that is more effective at delivering a particular outcome than any other technique, method, process, etc. The idea is that with proper processes, checks, and testing, a desired outcome can be delivered with fewer problems and unforeseen complications.

(Wikipedia) <sup>3</sup>

# Innovation

**Innovation:** True innovation occurs when someone takes an idea that seems impossible and makes it work. If an idea seems possible, it has likely been done before. True innovation is about risks, the unknown, and uncertainties—traits that health care organizations work hard to eliminate.

(Molly Rowe, *HealthLeaders Media*, 2/22/08)

Incremental improvement may no longer be good enough. The challenges we face today call for more novel approaches...in other words, innovation!

(Paul E. Plsek, [www.innovations.ahrq.gov](http://www.innovations.ahrq.gov))

# Benchmarking

**Benchmarking:** A structured process for comparing your organization's work practices to the best similar practices you can identify in other organizations and then incorporate the best ideas into your own processes. (Tague, 2005)

**Benchmarking:** The practice of being humble enough to admit that someone else is better at something, and being wise enough to learn how to match them and even surpass them at it. (Jack Grayson, APQC founder)

What models, practices, and/or processes have you implemented that have been effective?

What would you recommend to others about what you did?



# Lean, Six Sigma, & Baldrige

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# Roadmap: High-level view

- Lean
- Six Sigma
  - Lean Six Sigma
- Baldrige

# Lean

[www.lean.org](http://www.lean.org)

Lean Manufacturing

Lean Enterprise

Lean Production

# Lean

- System of methods that emphasize identifying and eliminating all non-value-adding activities (waste)
- Processes become faster and less expensive
- Goal is to meet demand, not just reduce (wait) time
- Not a tool to reduce headcount or cut costs

# History of lean

- Henry Ford and Ford Motor Company
  - Production system: early 1900s
- Toyota Motor Corporation
  - 1930s and post-WWII
  - Toyota Production System
- “Lean” coined in 1990 by MIT research team

# “Value-added”

Not useful term. Rather it is the work necessary and it can be reduced.

John Long, MD

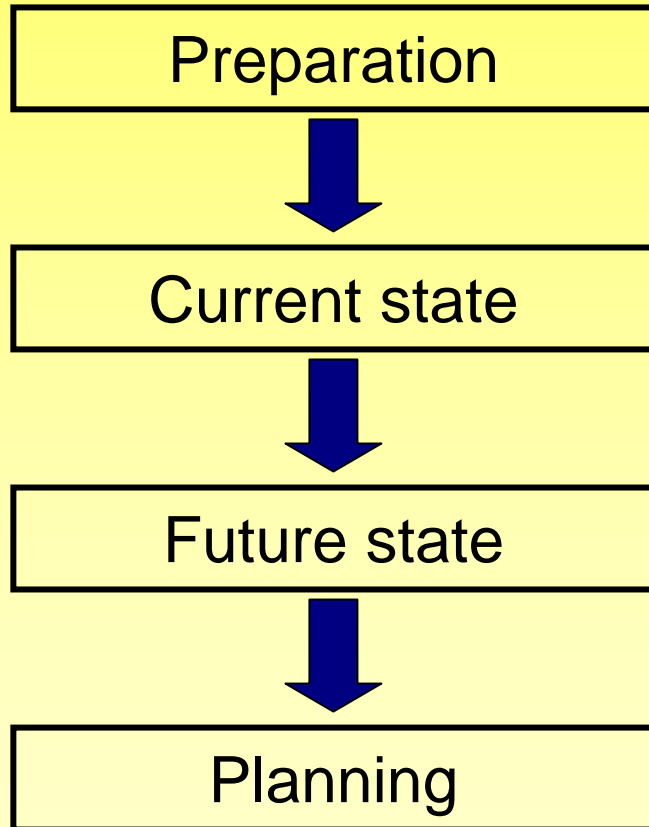
# Principles of lean

- Specify value from the standpoint of the end customer
- Identify all the steps in the value stream
  - Eliminate what does not create value
- Focus on flow of value-creating steps
- Let customer pull product/service

# Providing value to customer

- Deliver maximum value to customer while consuming fewer resources by reducing lead time
- Each process provides only what the next process needs when it needs it
- Design process to shorten lead time

# Value stream mapping



Agree on what process to study, how to map it, who will participate

Agree on a well understood map of the current situation

Agree on a shared vision of a lean future state

Agree on how to implement the future state vision

# Lean measures include

- Process time
- Lead time
- Wait time
- Percent complete and accurate

# Value stream map Hôtel-Dieu Grace Hospital



# Hospital example

Hôtel-Dieu Grace Hospital  
Windsor, Ontario, Canada

[www.lean.org](http://www.lean.org)

## **Value Stream Improvement for the Office and Services**

Originally presented August 2, 2007

Webinar

Slides

Podcast

# Six Sigma ( $6\sigma$ )

# Six Sigma

- Management approach that improves effectiveness and efficiency
- Focuses on
  - Eliminating defects
  - Reducing variation
  - Continually improving
- Based on involvement of management

# Six Sigma level

3.4 defects per million opportunities (DPMO)

6 sigma	99.9997%	3.4 DPMO
5 sigma	99.98%	233
4 sigma	99.4%	6210
3 sigma	93.3%	66,807
2 sigma	69.1%	308,538
1 sigma	30.9%	691,462

# History of Six Sigma

- Developed at Motorola in 1980s
- AlliedSignal—second organization (now Honeywell)
- General Electric
  
- Other companies include
  - Johnson & Johnson, Kodak, IBM, Texas Instruments, Honeywell

# Two key methodologies

- DMAIC (to improve existing processes)
  - Define, measure, analyze, improve, control
- DMADV (to create new products/services & processes)
  - Define, measure, analyze, design, verify

# Key roles

- Executive leadership
- Champions and sponsors
- Master Black Belts
- Black Belts
- Green Belts
- Yellow Belts

# Examples of tools used

- 5 Whys
- Analysis of variance
- Cause & effect diagrams
- Control charts
- SIPOC analysis
- Failure mode and effects analysis
- Histograms
- Pareto charts
- Run charts
- Business process mapping
- Process capability
- Regression analysis
- TRIZ

# Lean Six Sigma

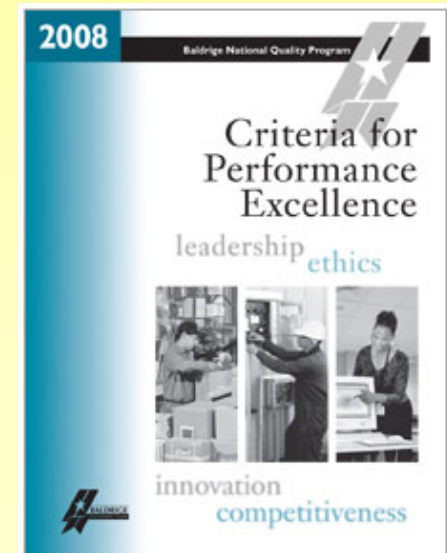
- Lean improves flow, decreases cycle time, and decreases waste
- Six Sigma eliminates defects, reduces variation, and brings process under statistical control
- Both enable reduction of cost of complexity

Baldrige National Quality  
Program  
(MBNQA-Malcolm Baldrige  
National Quality Award)

[www.quality.nist.gov/](http://www.quality.nist.gov/)

# Baldrige program

- Established 1987
  - Public Law 100-107
- National criteria for performance excellence
- Goal is to strengthen U.S. competitiveness by improving organizational performance practices, capabilities, and results
- 11 Core Values and Concepts
- 7 Criteria categories



# Organization eligibility categories

- Business
  - Manufacturing
  - Service
  - Small Business
- Education
- Health care
- Non-profit (use business criteria)

# Baldrige categories

1. Leadership
2. Strategic planning
3. Customer and market focus
4. Measurement, analysis, and knowledge management
5. Workforce focus
6. Process management
7. Results



# 1 Leadership

- Senior Leadership
  - Vision and values
  - Communication and organizational performance
- Governance and Social Responsibilities
  - Organizational governance
  - Legal and ethical behavior
  - Support of key communities

# 2 Strategic Planning

- Strategy Development
  - Strategy development process
  - Strategic objectives
- Strategy Deployment
  - Action plan development and deployment
  - Performance projection

# 3 Customer and Market Focus

- Customer and Market Knowledge
  - Customer and market knowledge
- Customer Relationships and Satisfaction
  - Customer relationship building
  - Customer satisfaction determination

# 4 Measurement, Analysis, and Knowledge Management

- Measurement, Analysis, & Improvement of Organizational Performance
  - Performance measurement
  - Performance analysis, review, improvement
- Management of Information, Information Technology, & Knowledge
  - Management of information resources
  - Data, information, & knowledge management

# 5 Workforce Focus

- Workforce Engagement
  - Workforce enrichment
  - Workforce and leader development
  - Assessment of workforce engagement
- Workforce Environment
  - Workforce capability and capacity
  - Workforce climate

# 6 Process Management

- Work Systems Design
  - Core competencies
  - Work process design
  - Emergency readiness
- Work Process Management and Improvement
  - Work process management
  - Work process improvement

# 7 Results

- Product & Service Outcomes
- Customer-Focused Outcomes
- Financial and Market Outcomes
- Workforce-Focused Outcomes
- Process Effectiveness Outcomes
- Leadership Outcomes

# Colorado Performance Excellence (CPEX)

- Colorado's performance excellence program  
([www.coloradoexcellence.org](http://www.coloradoexcellence.org))
- Incorporated 2000
- Uses Baldrige criteria
- CFMC is a founding sponsor

# CPEX levels

- **High Plains recognition**
  - Organization profile only
- **Foothills Performance Award**
  - Select criteria from categories 1-6
  - Focus on approach
- **Timberline Performance Award**
  - Categories 1-6
  - Focus on approach, deployment, learning, and integration
- **Peak Performance Award**
  - Categories 1-7 (Same as Baldrige)
  - Focus on approach, deployment, learning, integration, and results

# 76 award recipients include

- Motorola—1988
- The Ritz-Carlton Hotel—1992, 1999
- Operations Mgmt Intl—2000 (CO)
- Clark American Checks—2001
- SSM Health Care—2002
- Kenneth W. Monfort College of Business—2004 (CO)
- Park Place Lexus—2005
- North Mississippi Medical Center—2006
- Mercy Health System—2007
- City of Coral Springs—2007

# Resources

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- [www.toyota.co.jp](http://www.toyota.co.jp) web site

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