

The Competitive Advantage

P Squared Management Consulting

Maximizing the Synergy of People and Process Improvement

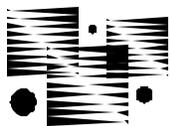


The Competitive Advantage Notes from the Editor ...

This issue of our newsletter comes with a special invitation. Scott Playfair, the president of P Squared has been invited to speak at a seminar for the Beaumont Chamber of Commerce on January 23, 2003.

The seminar, "*Motivating Employees During Times of Rapid Change*" will investigate the impact of rapid change in the personal and professional lives of employees and how to manage that change at work to promote a healthy environment that maintains and improves employee morale and productivity. The seminar continues to examine methods to create a motivating work environment. It helps leaders address workforce motivation by providing focus on seven key human factors that must be fulfilled for a business to leverage its human capital in today's intensely competitive and ever-changing climate. If you are interested in obtaining more information about this seminar, please contact us at p2mc@wt.net.

Another subject worth noting in my introduction is the return of our article series on Process Improvement. Tied closely to the spotlight article on the impact of the new ISO 9000:2000 standard, continuous process improvement is a primary area of expertise of P Squared Consulting.



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We feel this is an exciting area for our readers, as many of you are certified under the ISO 9000 standard. And even if you are not, continuous process improvement is an important topic for all companies who strive to achieve a quality product or service. We look forward to being involved with you in 2003 and help you further your continuous improvement efforts.

Have a Happy Holiday and a Prosperous New Year!

...Jan Barnett, Editor



Tips to Simplify Your Life....

Ten Quick Ways to Relax

Each of the ten techniques described below can bring you some relief from stress and tension. None takes more than a minute or so to do. And each can be used many times during the day, in many situations. Read through all ten suggestions, then go back and select four that you are willing to try during the next two weeks.

1. **Deep Breathing.** Sit comfortably. Let your hands rest gently in your lap or any place they are comfortable. Slowly breathe in through your nose, filling your lungs as fully as possible. Hold it for a count of three. Slowly exhale, blowing the air through your mouth. Notice the feeling you have when you exhale. Many people experience a sudden release of tension and a feeling of calm. Repeat this four or five times.
2. **A Special Object.** Do you have a special object – something that makes you feel good when you see or touch it? Maybe it is a seashell from a favorite vacation, a poster of Paris, or an old rabbit foot key chain you have had since you were twelve. Whatever you choose, it should make you smile and remember a happy time. Keep it near you or in frequent sight so in times of stress it can remind you that the way you feel right now doesn't negate all the other wonderful things in your life.
3. **Count to Ten.** When you feel yourself about to blow a gasket, stop and count to ten. Taking a "time out"

Tips to Simplify Your Life, cont'd

- can let you put things in perspective. As you count to yourself, breathe deeply.
4. **Close Your Eyes.** Rest your eyes and your mind will follow. Sit down, take a few deep breaths and close your eyes. Cover your eyes with the palms of your hands. Remember a dark, dark night. Let the blackness roll in like a fog until it cannot get any blacker. Sit with the darkness for a few minutes then remove your hands and slowly open your eyes.
 5. **Hand Massage.** Shake your hands to loosen them up. Turn the palm of your left hand up and rest it on the palm of your right hand. With your right thumb, begin massaging your left wrist. Move upward, massaging your left palm. Next, start with your left pinkie, use the thumb and first finger of your right hand to squeeze each finger gently from the base to the tip – massaging the tension right to the top of each finger. Switch to the other hand and repeat.
 6. **Take a Vacation.** A trip to the Bahamas every time you feel stressed might get a bit ridiculous (and would certainly cause great financial stress). Instead, simply close your eyes and spend a few moments thinking about your favorite place. It does not have to be a vacation spot – maybe your own back yard, the ballpark, or even a shopping mall.
 7. **Positive Thinking.** Pick a time or several times in your life when you felt especially good. A past achievement or success is a great source of calming, happy feelings. In a moment of stress, bring yourself back to that time. Remember what it felt like to be successful, praised and in control. Stay there for a few minutes.
 8. **Listen to Music.** Music can work wonders. It can soothe your nerves or simply remind you of a less stressful time. Please be careful, however, to pick music that is truly uplifting for you. Once you have found the best music for you, keep a small tape player or radio nearby. Listen to tapes on the way to work, on the way home, after dinner or before you go to bed.
 9. **Take a Soak.** Relaxing in a tub of warm water or under a hot shower is a great way to reverse the physical manifestations of stress. When you are under pressure, blood flow to your limbs decreases. Warmth can help reverse this effect. Taking a warm bath also gives you a mini-vacation from the stress, allowing your brain to tell your body that it can handle it.

I believe in taking a positive attitude toward the world. My hope still is to leave the world a little bit better than when I got here.

... Jim Henson (1936-1990) Muppets creator

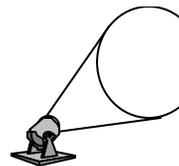
10. **Stretch.** A quick mental survey of your body should reveal several hiding places for stress. Many people feel it in their necks, jaws, lower backs, arms or legs. Stretching out the tense spots helps reduce the sensation of stress. Take a mental survey of your sore spots and give them a stretch at least once a day. Pay special attention to your facial muscles. People under stress tend to clench their jaws and grind their teeth. This can lead to tension headaches. Drop your jaw and roll it to the left then right.

Personals:

The following ad appeared in a newspaper...

“SBF Seeks Male companionship. Age and ethnicity unimportant. I’m a young, good looking girl who LOVES to play. I love long walks in the woods, riding in your pickup truck, hunting, camping, fishing trips. I love cozy winter nights spent lying by the fire. Candlelight dinners will have me eating out of your hand. Rub me the right way and watch me respond. I’ll be at the front door when you get home from work, wearing only what nature gave me. Kiss me and I’m yours.” CALL 555-xxxx and ask for Daisy.

The phone number was the Humane Society and Daisy was an eight-week old, black Labrador Retriever. They received 643 calls in two days.



Spotlight Article

Here's the Good News!

by Scott Playfair, President, P Squared Consulting.

New ISO 9000 Certification Requires Process Improvement Not Just Process Documentation

For many companies, establishing or enhancing a continuous improvement culture within their organization will be the primary focus for 2003.

Why the coming year? For companies that are currently certified for the ISO 9000 standard, the new revision, ISO 9000:2000, requires a re-certification be completed by December 15, 2003 – or all ISO 9000 certification is lost. Are you one of those companies?

What is ISO 9000? ISO 9000 is a set of standards for quality management systems that is accepted around the world. When you purchase a product or service from an

Spotlight Article, cont'd

organization that is registered to the appropriate ISO 9000 standard, you have important assurances that the quality of what you receive will be as you expect. In addition, with the year 2000 revision of the standard, quality objectives, continual improvement, and monitoring of customer satisfaction provide you with increased assurances that your needs and expectations will be met.

Why are the standards so important? Many companies require their suppliers to become certified to ISO 9000 and because of this, registered companies find that their market opportunities have increased. In addition, a company's compliance with ISO 9000 insures that it has a sound quality management system, and that's good business.

Certified companies have had dramatic reductions in customer complaints, significant reductions in operating costs and increased demand for their products and services. Other benefits can include better working conditions, increased market share, and increased profits.

All work is part of a process.

What changed in the year 2000 revision? There are several areas in the new revision that are significant and have the impact of evolving organizations to one emphasizing a continuous improvement culture. Company management must now actively seek to continually improve the effectiveness and efficiency of the organization, rather than waiting for a problem to reveal opportunities for improvement. Through this directive, they may need to evolve their management style to a systems model or to one centered on processes.

A conceptual change simply stated is that the previous standard revision had a significant focus on process documentation – it ensured that the process was documented, standardized and repeatable. It did not, however, address if the process was the best that it could be. Now, through continual improvement, processes are addressed in an ongoing structure to ensure they are optimal!

All work gets done as part of a process. An interconnected system of processes represents all of the work of the organization. If these processes are designed to be capable of providing satisfactory outputs, and if they are supplied with adequate resources and run by competent personnel, then quality products and services will be provided and customers will be satisfied. If the results are not as planned, then the process structure, resources or competency of the people has to be examined and improved.

The operation of the quality management system is continuously monitored, measured and improved. The quality policy establishes a commitment to continual improvement. Quality goals and audits assess the effectiveness of the quality management system. Information regarding customer satisfaction, product conformity, product characteristics and trends, process characteristics and trends, supplier performance is collected and understood. Customer feedback is gathered and complaints are reviewed. Nonconforming product is controlled and records are kept. This information is analyzed to identify actions to be taken to improve the quality management system. Management has explicit responsibility to review this information and take action to improve the quality management system.

Quality is never an accident; it is always the result of high intentions, sincere efforts, intelligent direction, and skillful execution.

... Willa A. Foster

Customer requirements for products and services are identified and reviewed with the customer. This includes both customers external to the organization but also the often overlooked internal customer. As stated above, the entire organization is made up of processes. Each process has inputs and outputs – customers and suppliers. Effective communications are established with the customer to discuss and resolve issues. Customer satisfaction information is gathered, analyzed and acted upon to improve the quality management system.

Quality oriented objectives throughout the organization are essential.

Is your organization *PROACTIVE* or *REACTIVE* to the change? If your company has already started the process of preparing for the new standard, you are likely in good shape. However, many other companies are only now starting to scramble – wondering what to do first. With the impact to an organization described above, the first priority is for management to get fully behind a culture that supports continuous process improvement.

Management must set quality-oriented objectives and ensure they are consistently supported throughout the organization. A well designed “direct line of sight” goal setting process has an additional affect that employees are motivated and understand how the achieving of their individual and department objectives will directly affect the success of the company.

The ISO 9000:2000 standard has a similarly significant focus on the need for a team-based structure. One fundamental delineation is that of a “natural work team” –

Spotlight Article, cont'd

people who work together as their normal daily responsibility. These people are the greatest sources of ideas for ongoing process improvement since they best understand the processes they “own”. A regular meeting schedule with good meeting management and action item discipline will not only ensure follow-up but also improves communication throughout the organization.

Further, management must empower these work teams, giving them the authority, technical support and necessary resources for the changes associated with the improvement. When a natural work team identifies a problem that needs attention, a project team is brought together with appropriate subject matter experts. They are authorized to identify the root cause, propose solutions, evaluate those solutions then implement and monitor the results. When satisfied, the solution is standardized, documented and also considered for applicability in other areas of the organization.

A Customer Success Story:

In early 2000, before the new ISO 9000:2000 was published, a manufacturer of hydraulic flow equipment committed to their parent company to grow from their current position of number three in their industry to become the number one supplier while improving their profit by 10% per year. To achieve these goals, they identified the need for a cultural change within their organization – one focused at continuous improvement.

Having a committed and passionate president and senior management team, they set about on a rigorous plan that would take them through this cultural transformation. With its unique expertise, P Squared Consulting was enlisted to start with a continuous improvement awareness campaign at the senior management level. Then, as plans developed, awareness was generated throughout the entire organization.

Natural work teams were formed, team missions set, and teams given expertise in how to run effective meetings. They were trained as to their role in a continuous process improvement environment. They were skilled in the ability to use tools to map out and understand their own processes, and to gather data and analyze it. They learned an in-depth problem solving process that assisted them when problems were uncovered.

As indicated above, this continuous improvement effort was implemented before the new ISO standard. As the standard became available and was studied, they were amazed at how closely the P Squared Process Improvement training and consulting efforts matched with the standard.

“Before the new ISO standard was published, P Squared prepared us to meet it.”

This company has evolved to be very aware of the customer and has enhanced their focus on both the internal and external customer-supplier relationship. Employees are aware of what they supply to their customers and have improved their quality and responsiveness – both internally and externally. Further, a shift of focus from handling customer complaints to proactively surveying customers has allowed them to act when trends emerge.

They have changed their quality policy to show a focus on continuous improvement. They have rewritten their quality manual and QC procedures with a focus on natural work teams and project teams. Every process they have is documented and “*it’s not just paperwork*”.

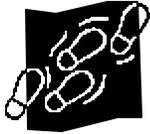
Since this culture change, they have had a significant reduction in rework and scrap and that translates to the bottom line. A suggestion system was instituted and has initiated a large number of improvement projects resulting in significant savings. One notable savings of over \$40K per year came from identifying a part that was purchased painted then brought in and sandblasted.

This company has a “new way of life”. And everyone – from the top of the organization to the bottom – is motivated and excited by the change. They actively look for opportunities for improvement and take action. They have quality and team oriented objectives throughout the organization. They will be audited for ISO 9000:2000 in February of 2003 and their ISO coordinator knows they are in great shape – thanks to management commitment, an empowered work force, and the efforts of P Squared Consulting.

For more information about developing a continuous process improvement culture at your organization, please contact P Squared Consulting.



“How else are we going to pay for the war?”



The Path to Leadership....

Why Training Fails...

An article in USA Today stated that billions of dollars were wasted on job skills training. How much money did your organization spend on training last year that failed to provide you with the results you sought?

From industry experience, there are some common factors that have been noted among successful learning organizations and companies where training does not make an impact. Here are a few reasons why companies fail at training:

1. **No needs assessment.** A doctor who prescribes medicine without seeing a patient is guilty of malpractice. Yet, so many companies hire vendors to provide training without first analyzing the needs of the organization, department, or the individual. This is a waste of training dollars. Do not proceed to training until you assess the needs.
2. **Training is always the answer.** Have a problem? Quick! Find a training program. One of the biggest myths is that training can fix everything. Managers must first assess if the problem is a training issue or an organizational problem. If employees are failing in some aspect of their job, determine whether you have provided them with the time and tools needed to perform the job. Do they clearly understand what is expected of them?
3. **Training is reactive.** Training must support the business objectives if it is to have impact. True learning organizations build training into the strategic plan. What is the company mission and where are the skill gaps? Training must be integrated, holistic, and part of long term planning if it is to make a difference. The impact of the training can be enhanced even further if the employees see the link between the training and their ability to contribute to the accomplishment of the organization's business plan and goals. Training is an investment in the business – not an expense.
4. **Training is a one-shot deal.** Some companies believe that you can send someone to a two-day program and they will be changed like magic. Sorry. There are no magic wands. Training must be reinforced. Classes must build on each other and reinforce the content learned in earlier sessions. Too many organizations approach training as a potpourri or menu of available classes and sessions.
5. **Training seminars produce optimum learning.** People learn more in training sessions that provide chunks, small amounts of content, based on a couple of well-defined objectives. Participants attend these sessions, perhaps a couple of hours per week, until the

subject is learned. This allows for practice of the concepts in between the sessions. Content and application of concepts are reinforced at each subsequent session. This also allows people to discuss their successes and difficulties in applying the training in their actual work session. The instructor can help participants practice the training content by giving assignments that are debriefed at the next meeting.

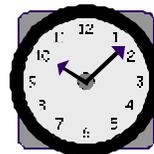
6. **No application of new skills.** "Use it or lose it," is a common refrain about training. This is a true statement. Even with strategic skills such as listening, providing performance feedback, and teambuilding, set up situations in which practice is immediate and frequent, to help participants retain the training.
7. **Lack of ownership.** Make it clear that the employees are fully responsible for the training and they need to take the training seriously. They are expected to apply themselves to the training process before, during, and after the session. This includes completing pre-training assignments, actively participating in the session, and applying new ideas and skills upon returning to work.
8. **Management does not participate.** Successful learning organizations support training at the most senior levels. Without support, morale decreases and training has little or no impact. Support is evidenced in several ways. Employees are required to complete many hours of training per year. Training is built into the performance appraisal and is reinforced back on the job by the manager.

Now that you are aware of several of the possible pitfalls that can work against your training efforts, let P Squared help you customize employee development programs that work and return the maximum benefit for the investment of your training dollars!

One P Squared client recently observed...

"I realize now that our company has just been training our people – not developing them. We have a one-size fits all type of training and that is not necessarily effective for all. The P Squared training does all that and is adaptable."

Excerpts taken from HR.com



Time Management....

A Priority Setting Plan

Manage your time better by dividing tasks into four categories:

1. Direct value. High priorities: making a sale, presenting to your staff, writing a report.
2. Indirect value. What pays off later: learning new skills, setting goals.

Time Management, cont'd

3. Necessary non-value. Things you must do that have no value for you: filling out government forms, taking many phone calls.
4. Unnecessary non-value. These include things such as writing routine reports that co-workers no longer read.

How to categorize:

- Log your daily activities for at least one week. Review what you did and classify each activity according to the value definitions.
- List the most important internal and external customers who should get most of your attention. Then compare your list and you log.
- Determine how much high-value work you think you're doing for your most important customers.
- Ask those customers to tell you which of your activities they consider to have the highest value for them.
- Use what you learn to plan your days, weeks and months around the high-value activities those customers have identified.

Source: Larry Hart, writing in Atlanta Business Chronicle, 1801 Peachtree St. Atlanta, GA 30309

A Training Issue?

Scientists at NASA built a gun specially to launch dead chickens at the windshields of airliners, military jets, and the space shuttle, all traveling at maximum velocity. The idea is to simulate the frequent incidents of collisions with airborne fowl to test the strength of the windshields.

British engineers heard about the gun and were eager to test it on the windshields of their new high-speed trains. Arrangements were made, and a gun was sent to the British engineers.

When the gun was fired, the engineers stood shocked as the chicken hurled out of the barrel, crashed into the shatterproof shield, smashed it to smithereens, blasted through the command console, snapped the engineer's backrest in two, and embedded itself in the back wall of the cabin like an arrow shot from a bow.

The horrified British engineers sent NASA the disastrous results of the experiment, along with the designs of the windshield and begged the US scientists for suggestions.

NASA responded with a one-line memo::Thaw the chicken"

...Reported to be a true story



The Process Improvement Tool Box....

A Historical Perspective

To understand what must change in order for a company to succeed in these turbulent times, it might be helpful to understand what got us to this point. The business model used by many managers today has its roots in the early 1900's, when it was determined that management's job was to think and the employee's job was to do.

This early management thinking continued to serve us well after World War II when supply strategies drove management to bureaucratic production thinking that focused on acquiring scarce supplies. The dominant management style remained autocratic because many of the top leaders were ex-military.

The post war years saw industry grow at incredible rates. However, no longer was supply the problem, meeting an insatiable demand was. During this time, the autocratic management style was being driven into the newly formed departments, where department heads were ruling their departments like personal kingdoms. Decisions were made at the top and communications came down.

In the 1960's, supplies became readily available and more in line with demand. Marketing became dominant. Seldom, if ever, did marketing strategies include production or R&D strategies. This created a silo-like structure where departments rarely looked at cooperation as an important strategy.

A sign for the need to change occurred in the 1970's with the major inroads made into the domestic market by the Japanese, who were taking a systems approach to management. A notable American, W. Edwards Deming helped Japanese business to focus on quality and productivity improvement through process improvement. He saw process and systems as the real cause of most problems. He saw people as part of the solution, not the problem. He realized that a change in thinking was required. *Business leaders began to view continuous improvement as a means to gain a competitive advantage.* The lessons were well learned by the Japanese. Major markets were attacked by products of higher quality and lower price from competitors who had previously not been in the arena.

Not until the 1980's did American management get their big wake up call. They began to focus on understanding what was beating them. What they found was they were being surpassed by competition that operated differently, was structured differently and had different values. They found a fundamental shift in management thinking and philosophy. The model focused on systems thinking and the value of the individual. There was an intrinsic respect

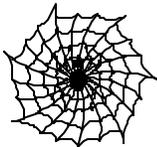
Process Improvement, cont'd

for the intelligence and creativity of the person closest to the problem – regardless of their rank or title.

Management began to consider that employees are capable of thinking and problem solving. They began to see that people want more from their job than pay. They began to consider that a systems approach could improve competitiveness.

For more information about developing a continuous process improvement culture at your organization, please contact P Squared Consulting.

Information/excerpt taken from "Cycle Time Reduction" and printed with permission by Total Quality Institute, P.O. Box 621102, Orlando, FL 32332

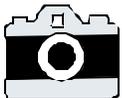


Web Site of the Quarter....

Howstuffworks.com

One thing that you will quickly learn about How Stuff Works is that "the name says it all" -- How Stuff Works is a web site that tells you how stuff works, and it contains thousands of topics! Just about anything that fits into the form "how _____ works" is fair game for the site. From engines to sunglasses, nuclear reactors to Christmas -- there is something for everyone at How Stuff Works! The site offers easy ways to get started including the top 40 articles and questions – which included when we last visited - How car engines work, How PCs work, How lock picks work, How dieting works,... Well you get the idea.

They also offer a daily or weekly newsletter that helps you learn about the latest stuff as soon as it is published. Other features include the Question of the Day ... Ever wonder what WD40 actually stands for? (Water Displacement – 40th attempt)... or has your teen stumped you by asking for an MP3 player for Christmas...(guess you will have to go to the site to get the details!)



Synergy Snapshots....

You can employ men and hire hands to work for you, but you will have to win their hearts to have them work with you... ***William J. H. Boetcker, Clergyman***

If you see your problems as curses, the motivation you're looking for in life will be hard to find... ***Steve Chandler, Public speaker and corporate trainer***

What you get by achieving your goals is not as important as what you become by achieving your goals... ***Zig Ziglar, Motivational speaker***

It's better to be prepared for an opportunity and not have one than to have an opportunity and not be prepared... ***Whitney Young, Civil rights leader***

The job of leadership today is not just to make money. It's to make meaning... ***John Seely Brown, Research center director***



P Squared Consulting.... Scope of Expertise

P Squared (P²) is focused on working with companies to maximize their human capital through the facilitation of positive change. We accomplish this by the use of our expertise in the following core areas:

- Team Building at All Levels
- Training and Development
- Team-based Process Improvement
- Cutting edge HR Practices

P² is a nationally known management consulting and human resource development firm based in Houston, Texas. We have helped small, medium, and Fortune 100 companies with equal effectiveness. P² has a staff of seasoned professionals, highly experienced in its areas of expertise.

At P² Consulting, we believe that people are your most valuable resource. Our focus is getting people to do more and feel great about it. We help them develop an insatiable desire for continued personal and professional growth and improvement - which is a win for everyone.

Our specialty is helping clients develop cultures where continuous improvement, higher levels of achievement, measurable standards of excellence, and exceeding customer expectation prevail. And to assist clients in sustaining true***Competitive Advantage!***

Offices in Texas and South Carolina.
Contact us by phone at (936) 271-0712,
or email at p2mc@wt.net
Visit our web site at www.p2mc.com

We look forward to hearing from you soon!

....*Scott Playfair, President*

....*Jan Barnett, Director, Sales & Marketing*

Progress is not created by contented people.

... F. Tyger