

High Vantage Point

Report-outs to reduce the risk of organizational problems

ORGANIZATIONS CAN encounter catastrophic events or major issues in which their products or processes result in major financial problems, damage and destruction, serious injury and illness, and even death. Just consider these recent examples: Blue Bell’s ice cream listeria contamination, BP’s Deepwater Horizon oil spill and Toyota’s gas-pedal problems.

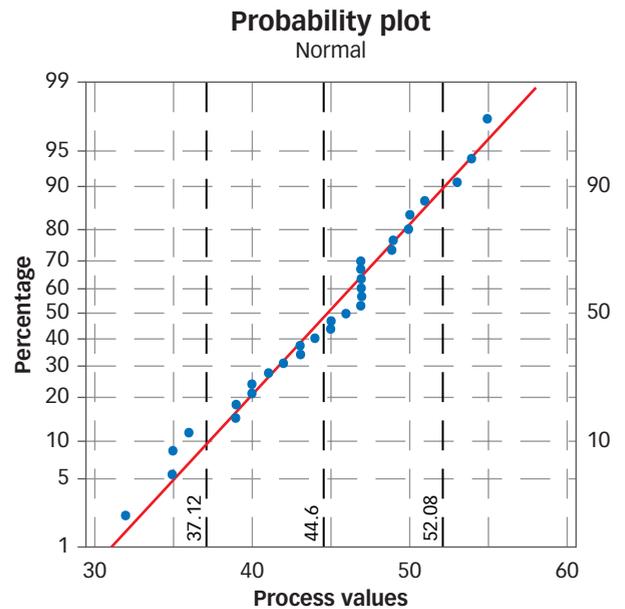
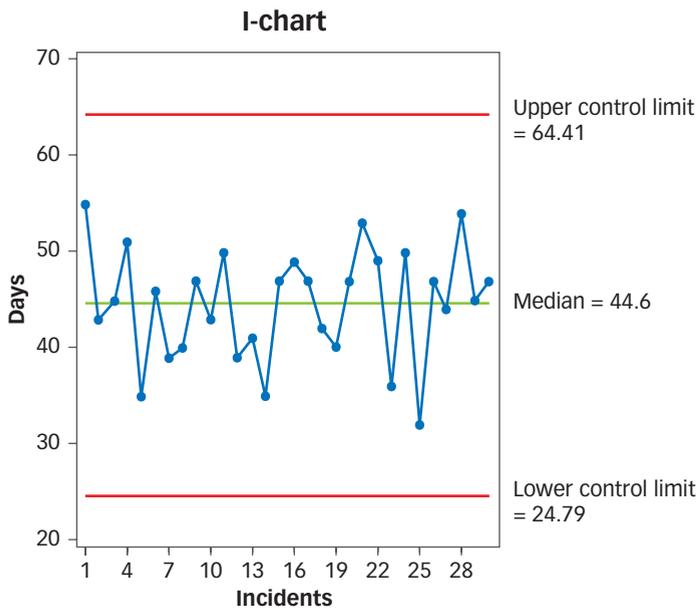
Organizations also could have less catastrophic events and issues that still lead to undesirable occurrences and a negative impact on the bottom line—for example, employee accidents and product or service nonconformance rates.



An organization typically views its metrics as lagging indicators that provide little, if any, information on what might be expected in the future if nothing were to change. If these metrics are viewed differently, however, lagging performance report-outs can often be transformed to leading-indicator reporting, which could provide a view of what might be expected in the future. With this knowledge, targeted process enhancement efforts could take place to reduce the likeliness of future mishaps.

It is unfortunate, however, that highlighting risks and potential noncon-

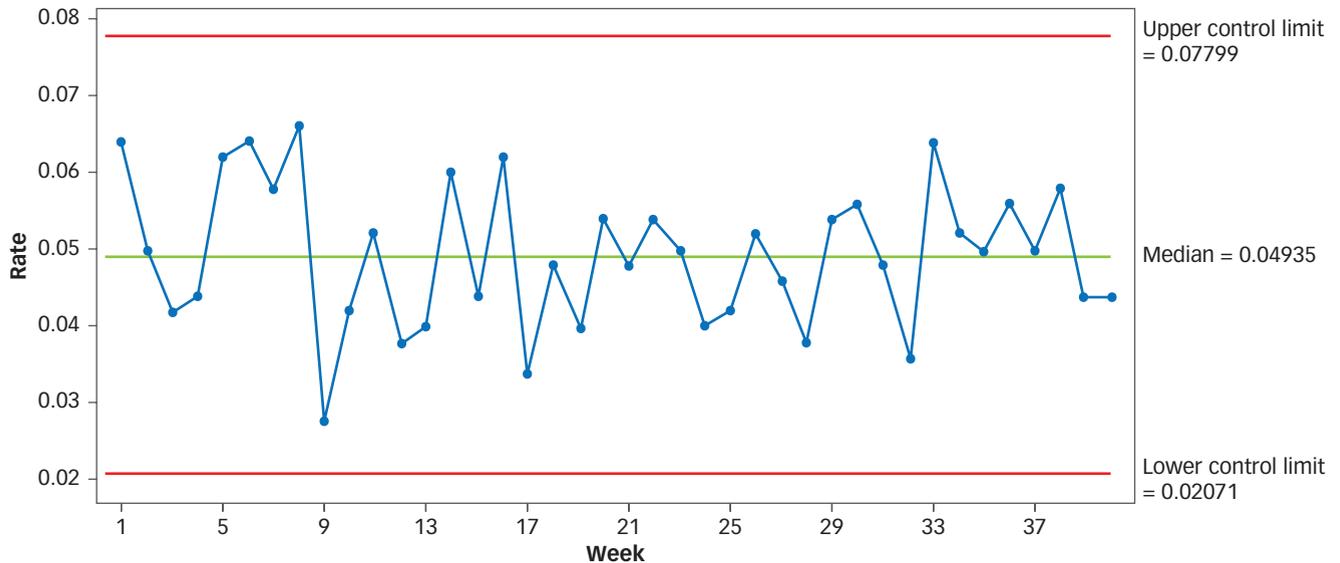
30,000-foot-level report-out: time between safety incidents / FIGURE 1



The current process is predictable. The estimated median is 44.6 days with 80% of the events between 37.115 and 52.084.

Source: Forrest W. Breyfogle III, "Control Charting at the 30,000-Foot-Level, Part 3," *Quality Progress*, November 2005, pp. 66-70.

30,000-foot-level report-out: nonconformance rate / FIGURE 2



The current process is predictable.
The estimated performance is a 0.049 nonconformance rate.

formance issues often get filtered out of executive management presentations. In addition, executive metric report-outs are not usually presented from a process point of view. Executives, for example often only see a table of numbers, stoplight scorecards and a set of bar charts.

Organizations benefit when they examine their metrics from a high-level process point of view, which quantifies how processes are performing relative to their desires, objectives and risks. This form of reporting can be achieved with predictive 30,000-foot-level charts.¹⁻⁶ An organization's Integrated Enterprise Excellence (IEE) value chain then can be used to systematically link processes with their metrics.⁷

By using an automatically updated Enterprise Performance Reporting System, timely 30,000-foot-level metric report-outs could provide unfiltered information to all who have authorized access—that is, executives, management and practitioners.

Reporting safety incidents

Organizations must report safety events. Not only is this the right thing to do, these events also can be a precursor for more severe happenings that might occur in the future unless something changes.

When reported, safety incidents often are documented in a tabular format. Actions may be taken on each individual event as though every occurrence were a special cause. In addition, this information often does not get visibility at an executive level. These events are not typically reported as though they were the output of a process that has a predictive component.

If you want to report safety issues as though they were from a process, there are some challenges. Because safety events often occur infrequently, a typical process report-out of the number of occurrences in a certain time interval (such as months) can lead to many entries of “zero” and not much insight about how the process is truly performing relative to

the occurrence of safety issues.

A 30,000-foot-level report-out approach to address this issue is to plot time between events as shown in Figure 1. This predictive-performance report-out illustration indicates that the approximate median time between safety incidents is 45 days with 80% of safety incidents occurring between 37 and 52 days. If this frequency of safety incidents is unsatisfactory, something must be done differently to enhance the process so that safety incidents are less likely to occur. Proof that positive change was made is that the 30,000-foot-level individuals chart of time-between-safety-incident occurrences transitions to a new and enhanced level of performance.⁸

Reporting nonconformance

Nonconformance to customer requirements and other requirements can be an indicator of internal and customer risks. A 30,000-foot-level reporting of nonconformance uses an individuals chart of

3.4 PER MILLION

nonconformance rates to assess process stability and report the process capability statement in terms that everyone can understand; that is, at the bottom of the chart.⁹

Figure 2 (p. 59) shows this form of reporting in which this illustrative example

indicates that the process is performing at an approximate 0.049 nonconformance rate. If this performance level is unsatisfactory, something needs to be done differently to improve the process. Proof that the process was enhanced is that the 30,000-foot-level individuals chart report-

out transitions to an enhanced level of performance.¹⁰

Organizational performance

Organizations benefit when they link their 30,000-foot-level predictive performance report-outs with the processes that create the metrics using an IEE value chain.¹¹ Additional benefits are achieved when these reports are made so that the metrics are automatically updated, and the performance reporting and performance metrics are customized and clickable.

With this approach to business performance-metric reporting, there is transparency. For example, there will be no game-playing with the numbers and filtering of business risks to executives. Authorized individuals at all levels of the organization can determine how processes are truly performing in a timely fashion.

With this set of information and data, appropriate process improvement interventions can be initiated when risks or other performance measurement responses are not desirable. **QP**

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