

L5 | PERFORMANCE SYSTEMS

IMPROVEMENT.

SUSTAINED.



L5 At-a-Glance

We're the supply chain improvement people.

We serve highly competitive industries with many small- to mid-size suppliers that need to accelerate their rate of performance.

We use an industry-wide, collaborative model to improve supplier performance.

Unlike fragmented approaches that typically lead to duplication and inefficiencies, L5 creates an enterprise approach that accelerates and sustains supplier improvement.



**We're the supply chain
improvement people.**

The Organization

- 18-year successful track record
- Over 1,000 clients
- Over 400 certified and guaranteed consultants and trainers world-wide
- Partner of choice for small- and medium-sized supplier companies
- Partner of choice for large organizations with comprehensive supplier networks

Value Stream

- Creates and sustains a process improvement system
- Creates a systematic training system that sustains improvements
- Engages senior leadership in developing a process improvement culture
- Provides immediate and significant return on investment
- Provides access to financial support to offset cost of implementing improvements



Core Competencies

- Consulting
- Training
- Process improvement
- Project management
- Funding development
- Supplier association development and management

Technical Competencies

- Baldrige-Based Process Improvement
- CMMI Software Process Improvement
- **Supplier Excellence Alliance:** Establishing and managing supplier network development
- **Process Maturity Model:** Establishing infrastructure for systematic process improvement
- **Rapid Learning Institute:** Pioneering new learning and improvement methodologies
- **Center for Continuous Improvement Technologies:** Benchmarking best practices and world-class models

Development Strategies

- Leadership Development
- Workforce Development
- Operational Excellence

The Problem: The Cost of Quality

Eroding the bottom line.

Extensive research supports a direct and dramatic correlation between the cost of quality (COQ) and the maturity of key business processes. As processes become more mature, the cost of quality falls significantly, while the savings to the organization improve dramatically.

Factors contributing to the cost of quality include:

- Rework
- Inspection
- Mistakes
- Defects
- Late Delivery
- Past-Due Receivables
- Rush Delivery
- Lost Business
- Customer Dissatisfaction
- Equipment Failure
- Customer Returns
- Low Morale
- Unwanted Turnover
- Excess Inventory
- Duplication
- Overtime



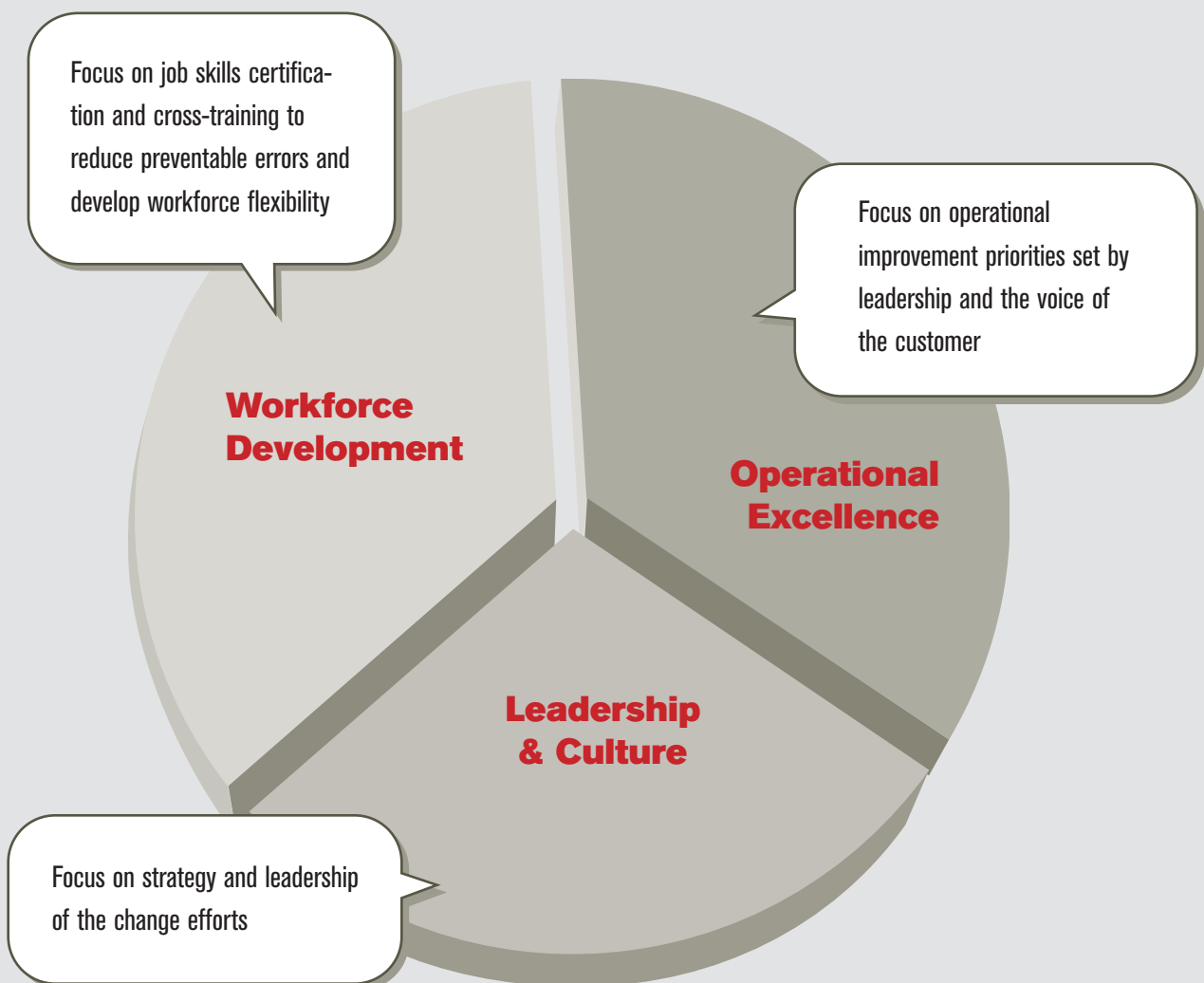
	► State	► COQ	► Sigma	► Workforce	► Leadership
Level 0	No Defined Process	40% of sales	<3	<ul style="list-style-type: none"> ■ Team Leader ■ Sponsorship ■ Process Maturity 	<ul style="list-style-type: none"> ■ Building Trust ■ Change Leadership
Level 1	Ownership and Process Defined	40% of sales	3	<ul style="list-style-type: none"> ■ Flowcharting ■ Teamwork 	<ul style="list-style-type: none"> ■ Coaching/Leading ■ Lean Systems ■ Six Sigma
Level 2	Documented	35% of sales	3.5	<ul style="list-style-type: none"> ■ Lean Process ■ Process Design ■ Problem Solving 	<ul style="list-style-type: none"> ■ Coaching/Leading ■ Sponsorship
Level 3	Standardized	25% of sales	4	<ul style="list-style-type: none"> ■ Standard Work ■ Train-the-Trainer 	<ul style="list-style-type: none"> ■ Coaching/Leading ■ Train-the-Trainer
Level 4	Analyzed	15% of sales	4 - 5	<ul style="list-style-type: none"> ■ Process Control ■ Six Sigma ■ DOE & DFM 	<ul style="list-style-type: none"> ■ Building Self-Directed Teams
Level 5	Trends of Improvement	1%	6	<ul style="list-style-type: none"> ■ Self-Direction 	<ul style="list-style-type: none"> ■ Servant Leadership

The System

The L5 Lean Enterprise System is a comprehensive “business system” that drives a more efficient organization.

The L5 Lean Enterprise System (LES) leverages process improvement, lean production techniques, effective leadership processes, and quality tools to systematically transform organizations into lean enterprises. This unique L5 enterprise approach removes constraints that typically prevent improvement initiatives from achieving and sustaining results. The LES creates a culture for continuous improvement by focusing on three key elements of the enterprise: Leadership/Culture, Operational Excellence, and Workforce Development.

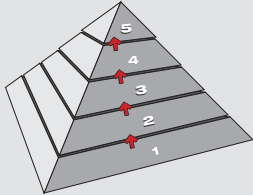
Tools that may be used to support each area include:



The Solution: Improving Process Maturity

Improving the maturity of key business processes brings more dollars to your bottom line.

The L5 Process Maturity Model® provides a reliable infrastructure for progressive improvement of key business processes. The results are reduced waste, cycle time, and cost – and higher product, transaction, or service quality.



▼ Process Maturity Levels

5. The process shows continuous positive trends and benchmarks world class
4. The process is under process control, is analyzed, and improved using data
3. The process has certified trainers and is standardized
2. The process has been documented to the work instruction level
1. The process has been identified, defined, and has an owner

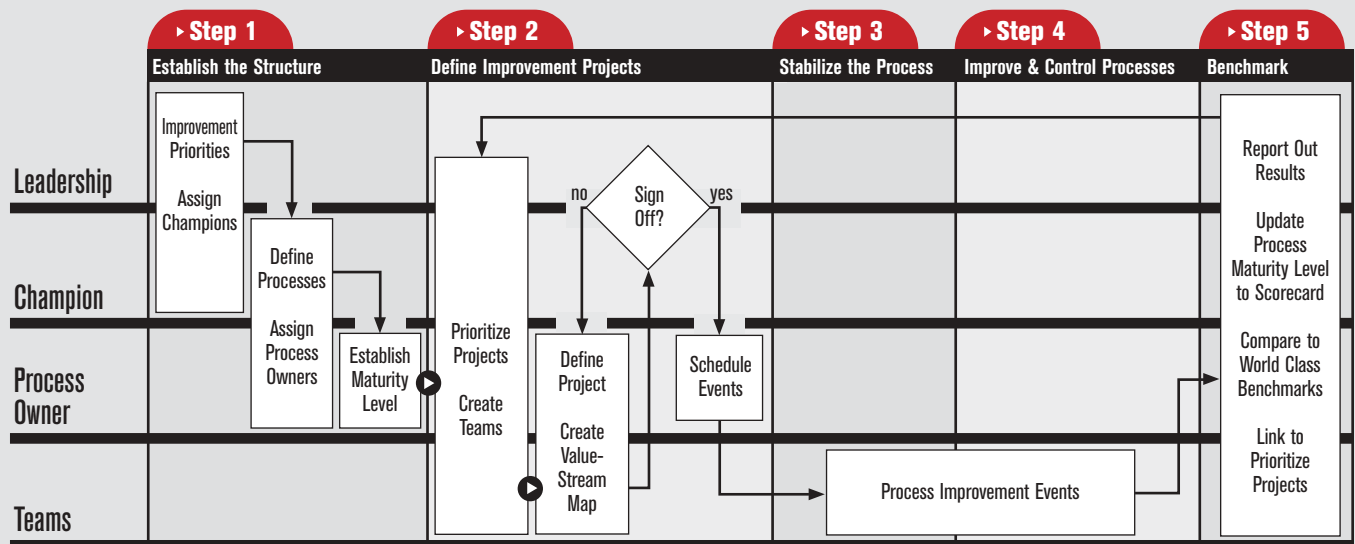
	► Phase 1	► Phase 2	► Phase 3
Criteria for Exit	Stabilization <ul style="list-style-type: none"> ■ Master Plan ■ Process Champions & Owners Assigned ■ Value-Stream Map ■ Change Plan ■ Detailed Value-Stream Maps ■ Process Documentation ■ Work Instructions ■ Training Guides ■ Workers Certified 	Flow <ul style="list-style-type: none"> ■ Master Plan ■ Cell Configurations ■ Mixed Model Lines ■ Workforce Certifications ■ Inventory Reductions ■ On-time Delivery ■ Cost of Quality Reductions ■ Critical Processes at Level 3 	Continuous Improvement <ul style="list-style-type: none"> ■ Master Plan ■ Process Control Plans ■ Corrective Action System ■ Improvement Cycles ■ Critical Processes at Level 4 ■ AS9100
Leadership & Culture	<ul style="list-style-type: none"> ■ Leadership Team ■ Process Champions ■ Process Owners ■ SEA Lean Enterprise System ■ Strategic Planning ■ Balanced Scorecard ■ Value-Stream Mapping ■ Process Maturity Goals ■ Lean Master Plan ■ Change Management Plan 	<ul style="list-style-type: none"> ■ Leadership Skills Development ■ Performance Management ■ Leadership Team Decision-Making ■ Analysis of Organizational Scorecard Review ■ Strategy Mapping & Positioning ■ Project Management Skills ■ Strategic Thinking Skills ■ Team Facilitation Skills for Process Owners 	<ul style="list-style-type: none"> ■ Leadership Coaching ■ Operational Reviews ■ Benchmarking
Workforce Development	<ul style="list-style-type: none"> ■ Lean Tools ■ Team Development ■ Master Trainers ■ Job Skills Certification ■ Cross-Training 	<ul style="list-style-type: none"> ■ Job Skills Certification (continued) ■ Team Decision-Making & Problem Solving ■ Project Management Skills ■ Employee Involvement Process ■ Quick-Kaizen Leadership 	<ul style="list-style-type: none"> ■ Job Skills Certification (continued) ■ Continuous Improvement ■ Team Self-Management
Operational Excellence	<ul style="list-style-type: none"> ■ Stabilizing Kaizen Events ■ 6S – Standard Work ■ Visual Workplace ■ Quick Changeover/SMED ■ Inventory Accuracy 	<ul style="list-style-type: none"> ■ Flow Kaizen Events ■ Flow-Based Material Management ■ Pull Systems ■ Cell Design ■ Mixed Model Line Design ■ Flow in the Office ■ Quick-Kaizen ■ Total Productive Maintenance 	<ul style="list-style-type: none"> ■ Design of Experiments ■ Design of Cost ■ Six Sigma Projects ■ Six Sigma Design ■ Design for Manufacturability

The Implementation

A systematic improvement and training plan linked to company goals.

	► Goals	► Assessment	► Plan	► Funding	► Implement	► Evaluate
Leadership & Culture	Determine customer and supplier improvement priorities and requirements	Assess leadership system and culture	Develop and gain approval for detailed plan	Gain funding approval	Implement leadership development program	Evaluate leadership system and culture
Workforce Development		Assess workforce skills	Solicit worker involvement and input to the plan		Conduct training in accordance with approved training plan	Evaluate workforce skills and accomplishments
Operational Excellence		Assess lean production and Six Sigma capabilities			Conduct Kaizen events to implement lean enterprise system	Evaluate using scorecard and return-on-investment reports

A process for managing improvement initiatives.



visit us online www.L5ps.com

L5

**PERFORMANCE
SYSTEMS**

Improvement. Sustained.

US Headquarters
2062 Business Center Drive
Suite 225
Irvine, California 92612
(949) 476-1144 ext. 315

©2004 L5 Performance Systems, Inc.