



Developed for:



Introduction to TSD &

Our Approach to Culture

June 2017

Total Systems Development, Inc.
LeanCPI.com



Welcome.



Hi, I'm Ryan Allen, the Chief Performance Officer of Total Systems Development. You might ask what that role is. My father started the company 20 years ago and knew that someday it would be mine. It was his aim to provide me with development that encompasses a wide breadth of experience with deep immersion in each skill. My current role encompasses 4 things: customer satisfaction, employee satisfaction, continuous improvement & financial performance. It is my job to lead the development of our internal systems that finds, develops & retains the top talent, nurtures a healthy, reliable organization that results in customer satisfaction. We have pulled this presentation together to meet you on your journey and help you through the next steps in your Operational Excellence path. Finally, we extend the most sincere appreciation for the opportunity.

Sincerely,

Ryan Allen

Chief Performance Officer, Total Systems Development Inc.



Meet Our Founder

I'm pleased that you've decided to learn more about Total Systems Development and what our team of can do for you and your business. I believe you'll find that TSD can work alongside you in your Lean transformation journey regardless of your Lean maturity or the areas in which you are currently struggling. The team of experts TSD has assembled is unrivaled across the industry, covering virtually any domain of expertise you may require.

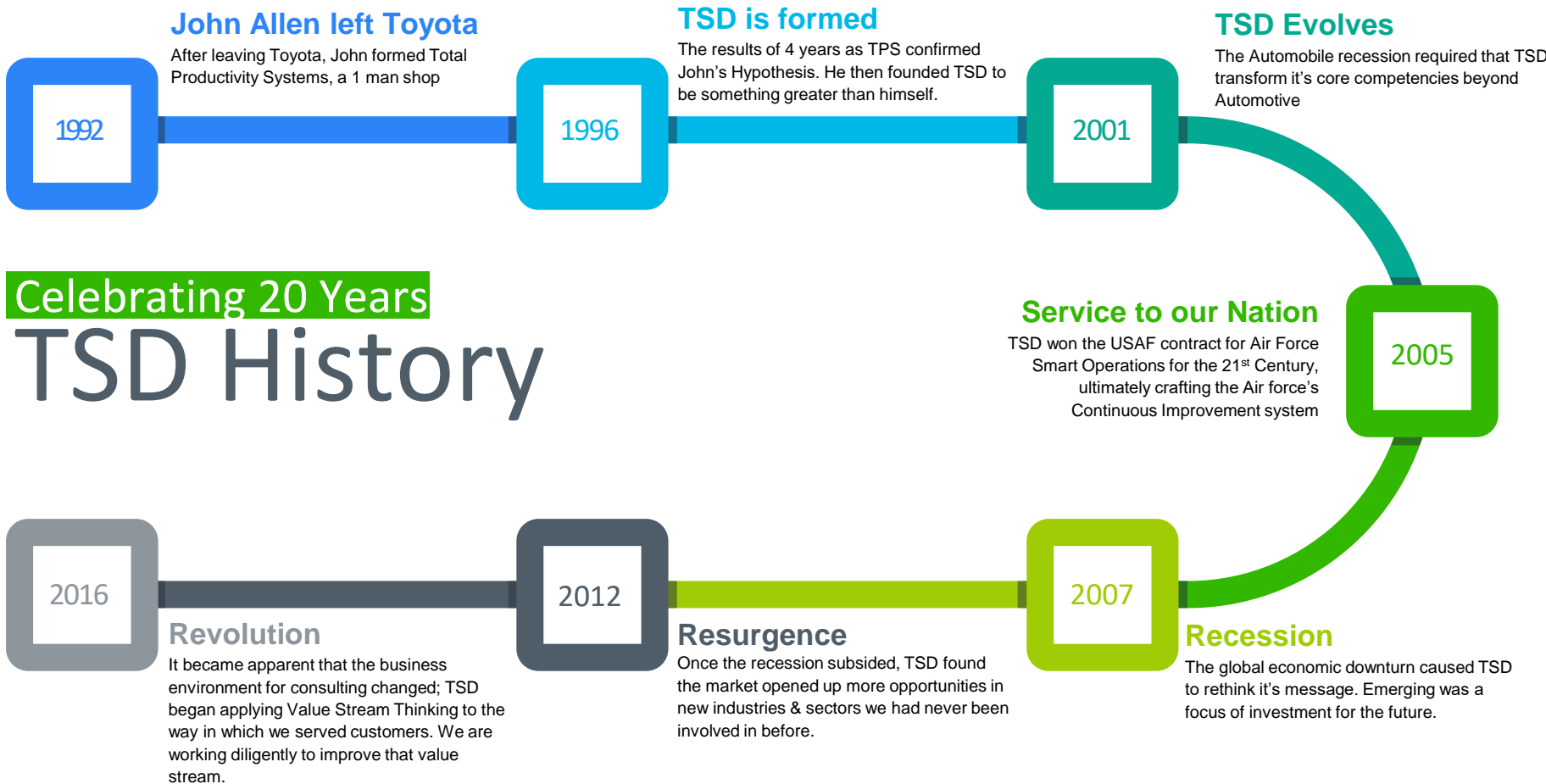
If you choose to work with TSD you will see that we always hold your interests paramount. We will work tirelessly to make sure you achieve your goals. We consider this to be an implied pact between us and we will not violate your trust. It is our mutual benefit that drives all we do so we will work in your best interest.

Sincerely,

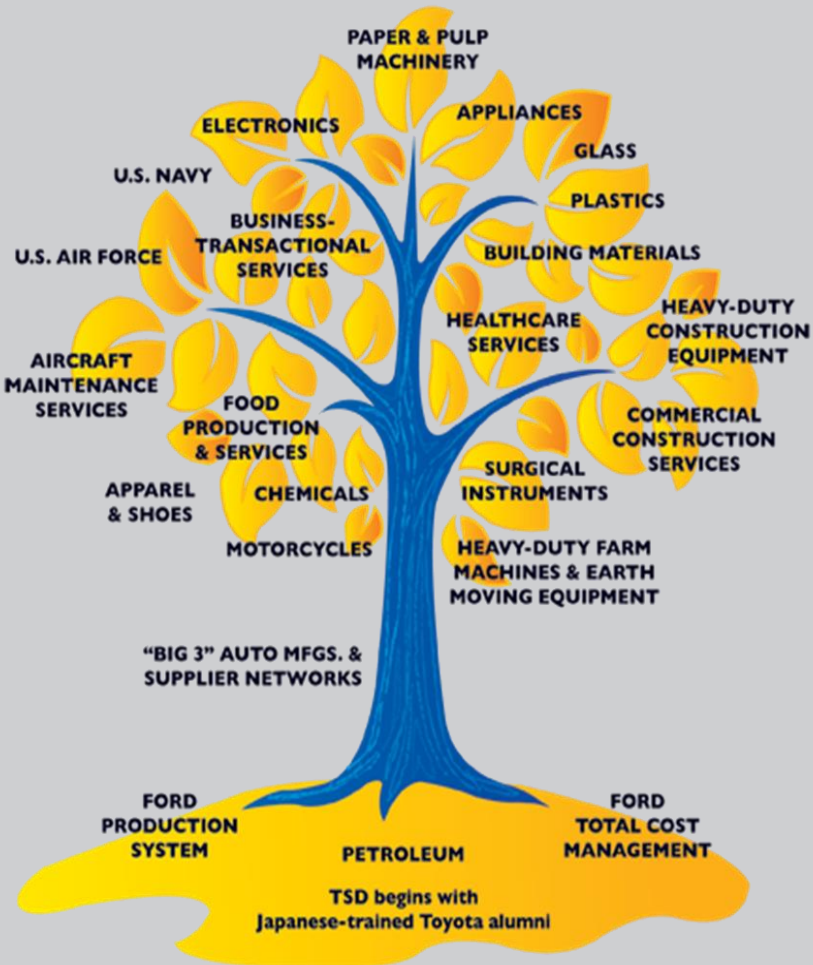
A handwritten signature in dark ink that reads "John H. Allen". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Allen

Founder, Total Systems Development Inc.



Celebrating 20 Years
TSD History



Automotive

Ford, General Motors, Chrysler, Allied Signal, Delphi & Visteon among many others.

Chemical

Allied Signal Specialty Chemicals & Chemical Intermediates for Performance Polymers.

Department of Defense

United States Airforce ASFO 21, Air Combat Command, Air Education Command, Air Force Mission & Installation Support Command & the GSA.

Footwear / Apparel

Nike, MAS Holdings, Brandix, Guess, Gap & Williamson Dickies

Heavy Machinery

John Deere, Caterpillar, Terex, Metso & Valmet

Culture Change is our DNA



A complete change from a push system to a pull system at 163 global plants. The organizational structure & systems had to be aligned to the change. Behavior based assessments checked the progress.



Established a schoolhouse that taught the values, principles & techniques of Lean to the global supplier network for Nike.



Honeywell

Changed the organizational culture to one that could remain a relevant supplier to the 'Lean' Big-3 auto manufacturers. JIT production was supported on a foundation of the right behaviors.



U.S. AIR FORCE

Created the DoD guidebook to continuous improvement that became the model for changing the USAF culture. 5 years of change leadership enabled them to maintain mission readiness in the face of a \$500B budget cuts.



JOHN DEERE

Guided them in the development of their continuous improvement culture.

Quick Look: TSD



193
Unique customers



1000+
Projects Completed



10,000+
People trained



\$1B+
Customer Savings



100%
Win rate on industry
awards applied for



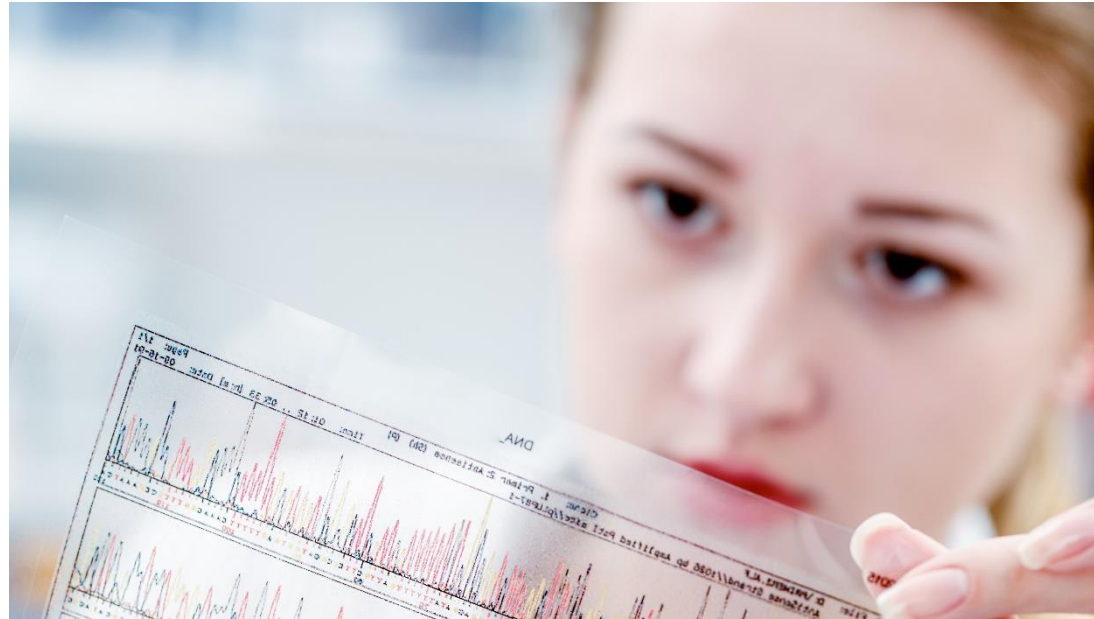
30+
Lean Experts

Our Approach to

Lean Culture Breakthrough



The DNA of your organization is our focus.



What we heard you say:

Decreasing customer demand for your top selling HepC API is putting tremendous pressure on the P&L

You have areas of Isolated efficiency; strong yields, six sigma projects & PULSE in Karlskoga

Rolling out big programs have been a challenge.

You act as a holding company, creating the silo effect.

You are looking for a holistic transformation that is not experienced as a big program.

You have committed to investment in the name of long-term thinking



Based on what we heard:

This will not be a “program”

- We will partner with you to build the Cambrex way of working
- This is not a roll-out, it is an enrollment. It is not being done to them, they are doing it.
- Improvement comes from organic learning & diligent problem solving.
- We are not painting a fence; we are tending to a garden.

Based on what we heard:

The improvements must be holistic

- Not only will the corporation invest capital in new equipment & capacity improvements, but your people invest themselves in the future state.
- People development must go beyond compliance training; people must be developed to support the system as it unfolds.
- Improvements must be focused on issues that are priorities for achieving the future state & linked to realization of strategic goals.
- Improvements cannot be linked to processes but rather a value stream as a whole.

Based on what we heard:

The improvements are for posterity.

- Developing the internal capability of the organization is paramount.
- The principles & values must be reflected upon deeply & influence critical thinking throughout the organization.
- The Cambrex way of working must be reflected upon & refreshed to keep the organization from deviating from their strongly held principles, values & beliefs.

Based on what we heard:

The compelling rationale must be felt and embraced by the everyone.

- The market & environmental forces that drive the business to build more capability & more flexibility must compel the facilities as a call to action to work differently.
- Entropy always exists & we must constantly move towards our desired state. There is no staying the same.
- Continuous Improvement is hard work & one must truly commit achieve it.
Commitment implies some form of discomfort.



A note on the systems perspective

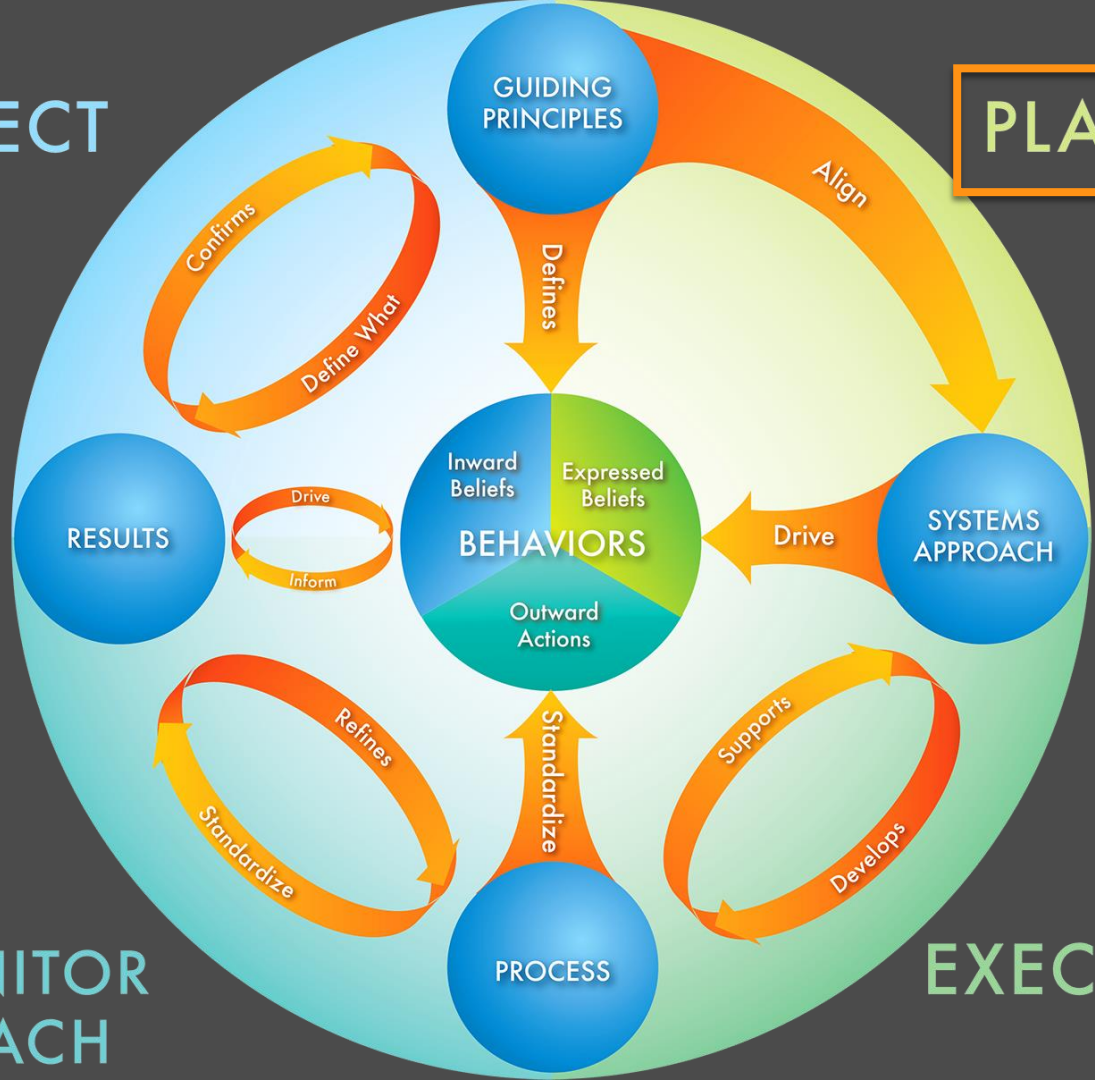
If you sub-optimize any part of a system, you have sub-optimized the whole. Many have used 'kaizen' to achieve efficiencies, unfortunately all too often the result is isolated efficiencies.



Lean Sustainment Is Built on Culture

REFLECT

PLAN



MONITOR & COACH

EXECUTE

Customer First

Respect for the Value of People

Mutual Trust between employees & mgmt.

Promote challenge & courage

Applied Creativity

Problems are Good

Consider long term needs

Experience the work & problems first hand

Promote teamwork, nothing done in isolation

Develop subordinates for company growth

Strive for lowest total cost

The foundation

is built on

Values

Principles



Why So Many Fail

Failure to create a sufficient guiding coalition

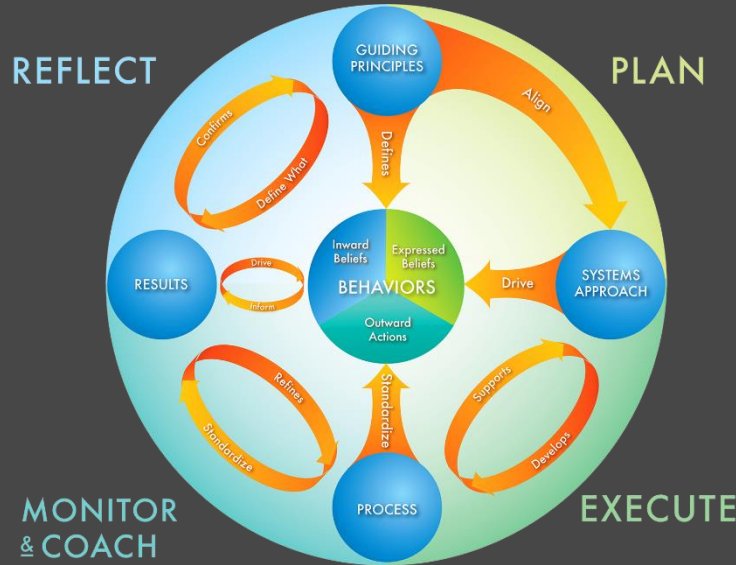
Failure to create short-term wins & declaring victory too soon

Allow too much complacency

Underestimating the power of vision

Permitting obstacles to block the vision

Under communication



The full potential
of your organization
can't be realized
if you focus on just the tools & results



The 5-Phase Systems Approach is the context for culture change

Each phase has a unique focus that provides guidance & context for the improvement efforts.

Roadmap

5-Phase Systems Approach



Prepare the Soil

Provide the vision, support & commitment. Includes a pilot project for a quick win. Also occurs before the start of each of the subsequent phases.



1 Stability

Standardize everything & stabilize results. They key is to know when you are unstable.



2 Continuous Flow

Create flow where you can in order to further illuminate waste.



5 Level Production

Level production based on volume, mix & sequence.



4 Pull Systems

Extend your culture to your suppliers to achieve a JIT supply chain. Suppliers replenish inventory based on standards.



3 Synchronous Production

Balance all operations to the rate of customer demand.



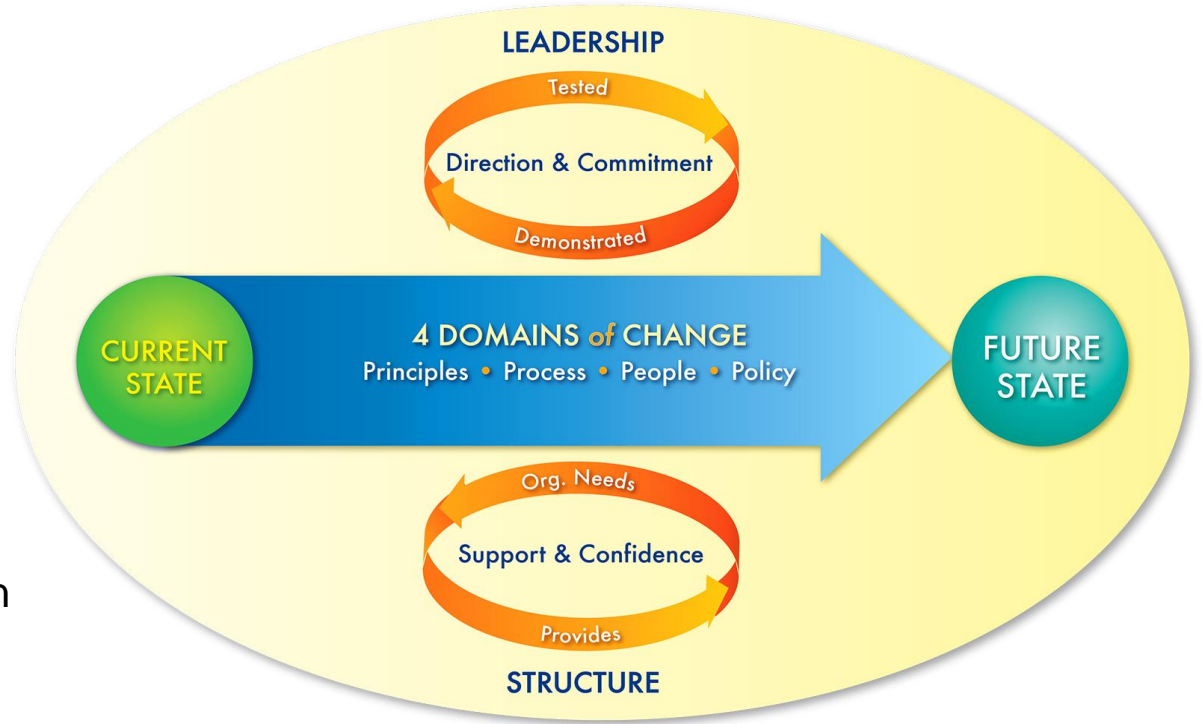
Small Focus, Big Result

Learning occurs in cycles. We focus our efforts on coaching a single element in context with the 5-phase model, until proficiency is obtained & the behaviors are anchored in the culture.

Change Model

The Move from Current State to Future State requires:

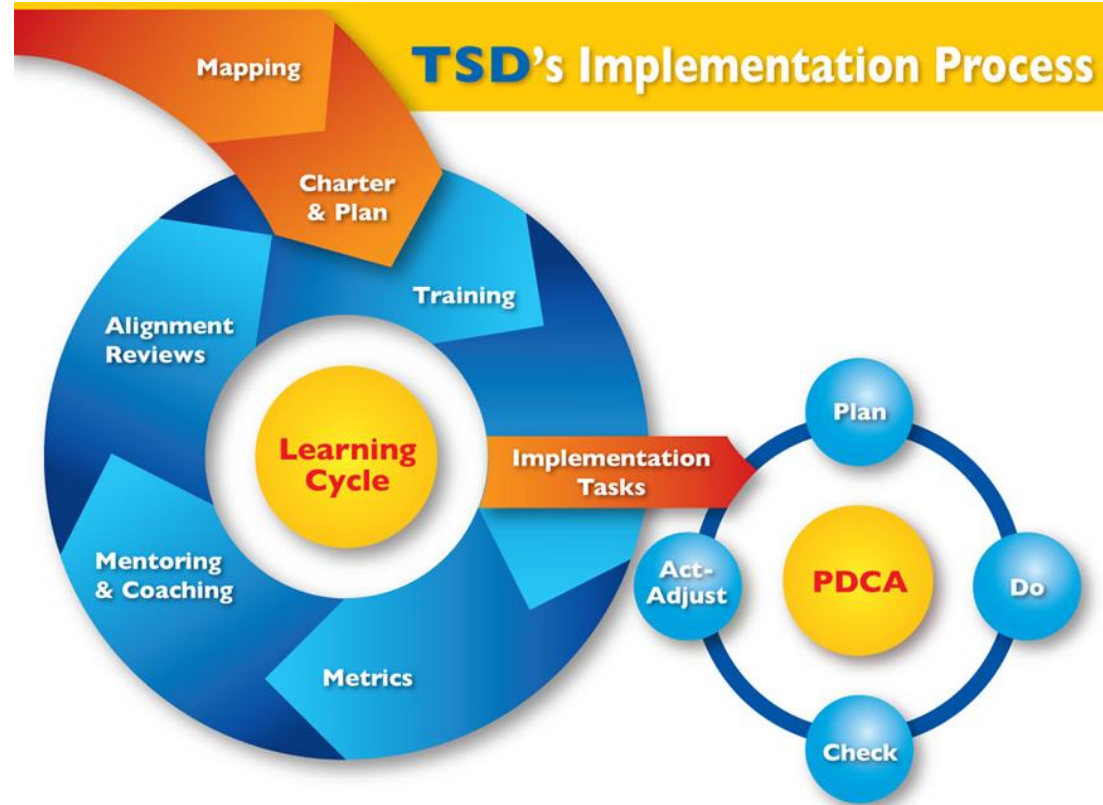
- Defined Value Streams
- Leadership Direction
- Leadership Commitment
- A support structure (organizational)
- Consideration of more than just process



Implementation Process

How to move from Current to Future state:

- Value Stream Analysis
- Charter & Plan that is derived from PDCA thinking.
- Training that results in practical application competency in addition to conceptual understanding.
- Everyone involved in solving problems with a consistent methodology.
- Coaches for knowledge & accountability.
- Systematic reviews





Prepare the Soil:

Corporate Alignment

- Vision, Mission & Operating Principles
- Roles & responsibilities
- Goals, Corporate Strategy & Deployment methods
- Performance review methods
- Readiness for Change
- Financial Expectations
- Other Expectations
- Define the model site

Key Point:

We don't change the strategies, goals or targets deployed; just understand.



Prepare the Soil:

Model Plant

- Goals, target & on-going initiatives
- Current KPI & P&L performance
- KPI Management
- History of improvement efforts
- Challenges
- Roles & Responsibilities
- Financial Expectations
- Other Expectations
- Assess Readiness
- Define the **Pilot Project**

Key Point:

We start with organic change in mind – it's not being done to them, they are enrolling the thinking.

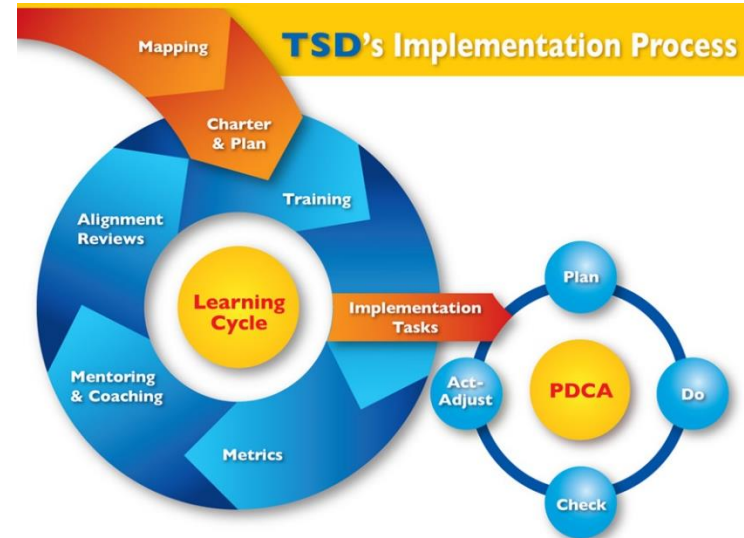
Pilot Projects



A pilot project follows the same process:

A pilot project is a great way to introduce a new concept to the organization. It allows for limited implementation in order to accomplish a few things:

- Achieve a quick ROI win
- Employees get used to the change
- The process can be refined.
- The training can be developed.
- Policy can be modified
- Problems are encountered and solved.
- The amount & what type of support is defined.
- Roles & responsibilities are clarified.
- Leadership defines how to communicate and align people to the change.





The Corporate Leadership must issue a challenge for better performance.

The results from the Pilot project must be met with leadership challenging the organization to go & see, learn, reflect & duplicate the *outcome* while meeting the principles & values.

Sharing Success

Mother - Pilot Site

The pilot site become the place for others to come learn the developed discipline. They are equipped to teach the process to other sites to develop their own process around the same principles. It is not a simple 'copy & paste' but rather an enrollment into the thinking.



Cycles of learning

Daughter Site

Personnel return from the pilot ready to develop their own version of the pilot with support materials, training & experience. It is the intention that it is better the second time & informs the original model. The most vital element is that the General Manager returns with a different mindset (which has to be nurtured, often times this require a coach that can hold them accountable).

Proliferation

Other sites are able to go learn at mother & daughter sites. Again, it is their mind that needs to be changed, not their mechanical processes. Change their thinking & the system will follow.

Change minds, not sites.





Coaches raise your people's confidence

- Demonstrates leadership commitment
- Consistent factor; helps spread the knowledge
- Builds employee trust that thinking differently about their work will not bring harm.
- Lets the employees know that it is safe to try new things if the thinking is right.
- Has been there before; deep experience.
- Maintains a professional contract with your key change agents to develop their competencies and check their thinking.
- Outside perspective
- Helps hold people accountable to the system.



Document the Outcome

Each time a pilot has been successful & resulted in new behaviors being anchored into the culture, the complete concept, issues & applications should be documented for posterity. This document becomes known by name.

Let's recap:

Prepare the Soil

- Corporate Alignment
- Model Site Alignment
- Pilot Project
- Share Success
- Document

5-Phase

- Provides context for focusing the change
- Successive phases build upon each other
- Works all elements of the system to sustain
- Results in lasting changes to organizational thinking, behaviors, processes & policy.



TSD Roadmap



Back to Basics

From time to time, it becomes apparent that the system has drifted away from the thinking & behaviors that comprise the culture. In the situation, a back to basics campaign is required. This is where each element of the system is checked against the values & principles & plan is made to re-align.

Our Approach

Hallmarks

Engagement & Involvement

We will never take the approach of 'telling' our customer what needs to be done. We are the antithesis of that. Our focus is sustainment; it naturally follows that the customer must learn.

Bias for Action

We promote careful, deep, reflective planning. Where most falter is in execution of their plan. We bring accountability to the plan to all of our clients.

Predictability & Reliability

We carefully & deliberately move our customers to higher & higher states of lean. This follows a simple plan that has been developed over decades of thoughtful reflection.

Results Oriented

We start all of our projects by helping the client achieve a quick win to demonstrate the ROI potential.

Knowledge Transfer

We identify the competencies that are required to sustain the change long after we leave. We then work tirelessly to ensure they are learned.

High Morale

Working with the value adders is something we are passionate about. In doing so, we help foster an environment of high morale. People want to do good work. Lean enables that.

