



## Welcome

By Mark Rewhorn

Hello and welcome to our December newsletter.

Well, it's that time of year when we look back and see just how the past 12 months have gone, and attempt to decide what we will do over the next 12 months to make an improvement.

Why not please drop us a comment on our chat forums about how your last 12 months have gone and your hopes and thoughts for the next 12 months?

<http://s1.zetaboards.com/BusinessImprovement/index/>

We really are interested in your thoughts, we enjoy a good banter. Think about posting over the festive season. Perhaps pass comment on the content of this newsletter.

With that, I'd like to wish you all a very Merry Christmas and a pleasant, healthy, wealthy New Year.

Very best wishes see you in 2009,

*Mark*

### Tip of the Month

Use T tests to compare process means  
Use F tests to compare process variation

## Thoughts on Business Improvements

By the European Business Improvement Team

With all the current financial problems circulating, we at EBI have put together a basic, 2 step strategy for business improvement.

**Step 1** Carry out a 5S exercise. This not only makes space available, it helps prevent errors being made because old out-dated components' forms etc are removed. 5S also helps you find items that are no longer required and that might be sold off, bringing in much needed funds. The other big plus point of 5S is that it removes many of the special causes of variation in your processes, leaving you to focus on the inherent process variation itself. Remember, you struggle to improve an unstable process!

**Step 2** Carry out waste walks and blitz's. Involve fully cross functional teams, brief the teams fully on the wastes. Get out there, and walk the processes; question everything; but make certain that you react to the wastes you find. A point to remember, you will never eliminate all waste, so recognise the laws of diminishing returns. Once wastes have been minimised, ensure that due recognition is given to those carrying out the work.

Two simple, but often missed steps, which could save your business a small fortune.

From humble beginnings at the start in April of this year EBI has developed very quickly. We are attracting an average of 20 new visitors per week. To date we have over 25 free documents on line, and are planning adding many more in 2009. If you have any items you'd like to share, or see, please drop us a line via our website. Meanwhile, keep an eye on our news section.

## The Dice Has No Memory

By an EBI Contributor

Imagine that you're playing in the casino on the roulette table. The wheel has already come up with "12" three times in a row. Everybody is expecting that the next outcome is definitely *not* a "12". Something strange here because every number has the same and "equal chance" in every round. This is called the "gambler's fallacy"; a dice (or wheel) has no memory...

Ask a person which row of random dice numbers is more likely:

Row A: 3-4-5-2-3-2-1-3-4-3 or

Row B: 3-3-3-3-2-2-2-2-5-5.

They will most likely say: "Row-A".

Remember: A dice has no memory...

Another example: you're playing in a television show where you've made it to the final round. Behind one of three doors (A,B or C) of which you can choose freely, the jackpot is located. You choose C as your lucky door and A is opened. Nothing is behind door A, so you're still in the race for the jackpot! You're asked if you want to switch between your first choice, door C, and the left over door, door B. Although the chance has increased from 33.33% up to 50% for winning the jackpot, most of the people won't switch because once chosen, we've got a "human-sense" which likes to stick on the first choice...

The above examples show that the "mathematical occurrences" are based on theoretical chance, which is definitely not the same as the "actual occurrences" in the real world, which are also not the same as the "human-occurrence" in the "should-now-occur-world". In theory, there is a one in two chance of a coin coming up tails, but in reality tails might come up more or less than five times in ten flips.

## A Practical Story

By an EBI Contributor

Once I walked through a factory along a production line. At some point on the line an internal Quality check was performed. The operator had to check if the part didn't exceed a certain value, say "35.0". He measured a part and the measuring device showed: "35.05". Instead of rejecting the part, he measured again and the measuring device now read "34.95". He put the part in the "approved" box. Then he took the next part and measured it. The measuring device showed "34.95". Instead of re-measuring this part, he put the part in the "approved" box. I asked him why he executed this task this way. The only thing he could tell me was that he had to deliver a certain amount of "good" parts per day.....

## Quotes

By an EBI Contributor

"Coming together is a beginning. Keeping together is progress. Working together is success."

**Henry Ford**

"Quality is everyone's responsibility."

**W. Edwards Deming**

Two men cut wood all day long. One worked straight through, without stopping to rest. At the end of the day he had a sizable pile of logs. The other would chop for 50 minutes and then take a ten-minute break. At the end of the day he had a much larger pile. "How could you chop more?" asked the man who'd worked continuously. His friend replied, "When I stopped for rest, I also sharpened my axe."

**Unknown**

"...every successful quality revolution has included the participation of upper management. We know of no exceptions."

**Joseph Juran**

# Auditing Part 2

By David Harris

Part 2 in this audit series will look at supplier audits, yes the dreaded ones conducted by your customer. I want to share with you both sides of the coin as a customer and as a supplier. I will also be giving some tips on how to deal with both.

I'm always amazed at the way senior management react when informed of a customer audit, they start asking questions like, "will we be ok?", "are we working to procedures", and "is the housekeeping to the agreed standard". This just points to the fact that you have a senior manager who lives on another planet and doesn't see the shop floor where the money is made, (or lost) as his/her responsibility.

Customer audits in the main are to verify the internal management systems requirement; it is a day out for the engineer, they love doing them, and don't forget, 9 times out of 10 the engineer doing the audit is your normal supplier engineer anyway, so he/she will not mark you down as questions will be asked of him when he writes up the report.

I contend that only customer audits worth the paper they are written on are the ones for new business, if a customer comes in and conducts one prior to allocation of a contract, be prepared for a good objective audit, there's no personalities involved, just a straight forward independent assessment of your processes and systems. I like these as it shows where you are, it's a good

benchmark, and even if you don't get the business you should take very seriously all the opportunities highlighted. That's of course if you still have a job.

**Just a note here, if a customer engineer comes in to perform an audit and gives you a hard time, in my experience it's personal or he has been told to by his management.**

In terms of format I have seen several, ranging from single page documents to well over 100 pages. I think an old Volvo one holds the record (and was a waste of time IMO), because you will never answer or implement all the non-compliances.

The systems type audits have little value to the organisation being audited because they will no doubt have ISO9001:2000 and ISO1400.1 Hence, most of the questions, "have you got a policy", "have you got a documented management system" are pointless and you will answer, get a tick in the box and you will be a grade A supplier. The fact remains, your defective parts per million is 100,000, yet you can still be a grade A supplier.

In summary, don't be worried about these audits, use them where you can to develop your business processes.

I have added a supplier site appraisal document to our site so you can see the typical format and understand just what's involved.