

Continuous Process Improvement (CPI) Monday Morning Meeting

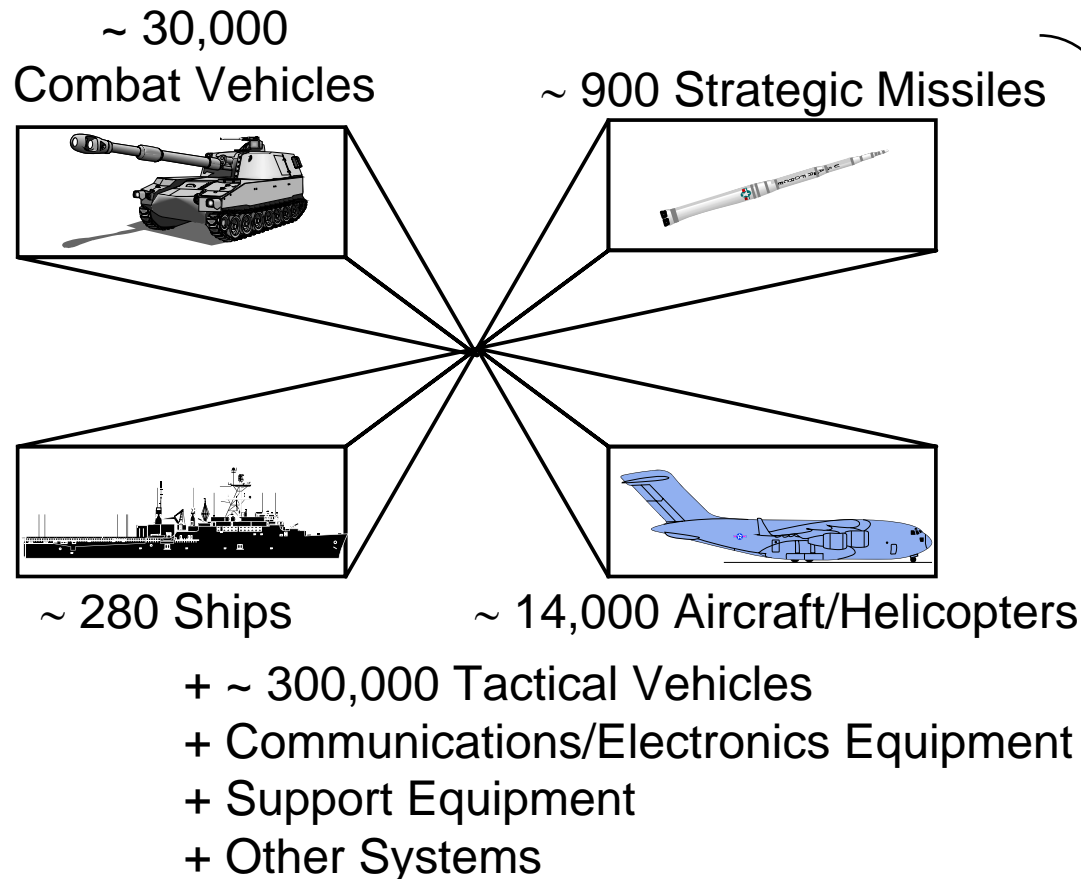


**2006 Department of Defense Maintenance Symposium and Exhibition
October 23rd, 2006
Reno, NV**

**Colonel Ric Sherman, 703.695.0338
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Systems Supported



Maintained by:

- 678,000 DoD personnel
- Private sector companies

Maintenance cost:

~ \$72 billion per year

National Defense PP&E is valued at ~ \$700 Billion



What is CPI?

- CPI is a disciplined approach to expose and eliminate root causes of problems
 - Improves processes with a focus on outcomes rather than people
- CPI tools are used by world class organizations to achieve and sustain top competitive positions
 - Toyota
 - Walmart
 - GE
- Expanding CPI DoD-wide will reduce waste and associated cost, while simultaneously improving war fighter support
 - Whatever the product or process – CPI can make it better

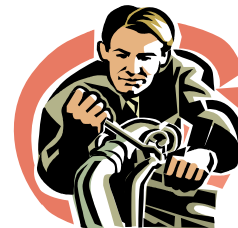


Continuous Process Improvement

Influencing Reliability, Cycle-Time and Cost to Achieve Materiel Readiness Objectives

Materiel Readiness Required Outcomes

Repair/Replace Cycle-Time



CPI



Equipment Reliability



Readiness Costs



Sample CPI achievements

- KC-135 aircraft depot maintenance flow time was reduced from 400 days to 215 days
- The per-vehicle depot repair requirements for the HEMTT declined from 2,000 hours to 1,100 hours
- Component disassembly throughput time for the F404 engine was reduced from 15.5 days to half a day
- The LAV-25 combat vehicle experienced a 25 to 30 percent reduction in depot repair costs
- Mean time between removals (MTBR) for T700 engines has increased three-fold through implementation of reliability improvements



Working on CPI Alignment at the DoD-level



- **Completed broad-based, multi-functional assessment of selected weapon systems implementing CPI initiatives**
 - Air Force F-15 aircraft
 - Navy F/A-18 aircraft
 - Army HMMWVs and H-60 helicopters
 - USMC HMMWVs and other tactical vehicles (BIC & MCB)
- **Results**
 - Identified *many* successful CPI “Islands of Excellence” within DoD
 - Determined overall CPI strengths, opportunities, and impediments
 - Suggested need for alignment/convergence on key CPI elements for “step change” improvements
- **Defense Logistics Board directed CPI Thought Leader group be convened**
 - Providing guidance/leadership for integration
- **Published CPI Transformation Guidebook (11 May 06)**
 - Includes high-level OSD CPI implementation plan
- **Military Services/Defense Agencies moving out with formal CPI implementation efforts**



Key Current Actions



- **Goal:**
 - Strategic approach to achieve and sustain optimal end-to-end readiness to support the warfighter
- **Near-term actions:**
 - Establish DoD CPI policy (11 May 06)
 - Link CPI activities with QDR recommendations (Done)
 - QDR recommends aggressive CPI implementation
 - Use DoD CPI Transformation Guidebook as foundation (Done)
 - Focus on outcomes in relation to goals (results vs expectations) (in Process)
- **Mid-term actions:**
 - Lead Military Services and Defense Agencies to converge on standard DoD CPI framework
 - Aggressively implement CPI initiatives
 - Services/Agencies can retain savings from efforts
 - Encourage/enable further CPI activity



Tasked to broaden and accelerate CPI



- **DEPSECDEF memo**
 - Institutionalize CPI Efforts
 - CPI Expert Certification
 - Guidance Documentation
 - Create Forums to Capture & Share Best Practices DoD-Wide
 - **“Cost savings and expense reductions that result from improvements in overall operating effectiveness can be retained by the organizations that generate them”**



Your input and involvement is critical to success.....



- What do **YOU** want to talk about?



Discussion Questions



- Does a sense of urgency for change and process improvement application exist?
- Are Senior organization leaders engaged in your process?
- Are several key resources (Black Belts, Green Belts, Champions) being trained or employed in your process improvement roll-out?
- Is your CPI deployment being managed through metrics, if so, which ones?



Discussion Questions



- Is your organization using Value Stream Mapping to set strategic goals that cut across stovepipes and/or organizations?
- Have the needs of the front lines been balanced with those of Headquarters?
 - How clear is customer involvement in improvement efforts?
- Are you using CPI Knowledge mgmt in your organization?