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*Minnesota Council for Quality Stakeholder Update*  
*September 2004*  
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1. A Message from the President: Five Common Measurement Mistakes

In any organization, measures are used to manage and improve performance. Measures are used in decision making; they are used to identify (and solve) issues and problems; they are used to monitor progress toward organizational strategy; and they are used to reward performance.

But selecting, analyzing, and effectively using measures is a challenging role for many leaders. Unfortunately, measurement systems are sometimes less effective because of some common mistakes made by managers. Below are five (perhaps of many) frequent mistakes, in no particular order.

- 1) Not selecting measures that are tied to strategy. Many organizations use measures that are convenient to capture and track. While, in reality, this practice is sometimes necessary, finding measures that truly monitor progress toward strategic goals provides much more powerful information upon which to make decisions. Leaders should, therefore, spend time and effort to try to develop a set of measures that most accurately reflects their stakeholders' (customer, employee, other stakeholder) needs, their organizational priorities, and their strategic challenges. These measures will not be perfect the first time, and indeed, should evolve and change as circumstances change.
- 2) Not striking a balance of leading and lagging indicators and not identifying cause and effect relationships between measures. Lagging indicators are inherently backward-looking: they show how an organization, a unit, or a process performed in the past. Most

financial measures are lagging (you cannot manage last quarter's sales this quarter), but many customer and operational measures are also lagging (market share, productivity, error rate, cycle time, and so forth). Leading indicators are more forward-looking and predictive in nature: they help managers understand (and even predict) the eventual performance outcomes of their lagging measures. Managers need both lagging and leading indicators, and they need to understand the causal connections between them. For example, the leading indicators of cycle time may be supplier lead times, number of process steps, rework rates, employee retention, and so forth.

3) Not using the "SMART" rule when selecting measures. "SMART" stands for specific, measurable (and manageable), achievable (realistic), relevant (tied to strategy), and time-bound (not open-ended). For each measure an organization uses, managers should test their relevance against these simple criteria.

4) Not using comparative data to gauge relative performance. Many organizations have spent time identifying what is important to their organization's success and have developed measures to monitor their progress, but they have not identified appropriate comparative data upon which to gauge their relative performance, determine gaps, set goals and targets, and identify possible benchmarking partners. But without comparative data, how do you know that a certain performance level is "good"? For example, wouldn't it be nice to know that a 7% error rate was BEST in your industry and that you may have a competitive advantage in the market? Or, contrastingly, that the industry best is 2% and that you may have a gap to close? Comparative data provides a reference point for managers to determine the relative performance of certain products, processes, and organization-level metrics.

5) Not segmenting data. Aggregate data is important because it shows managers how the overall organization is performing. However, aggregate data oftentimes masks the variation of results within different segments. For example, wouldn't it be nice to know that Process A had an error rate of 1%, while Process B's rate was 9% and Process C's rate was 20%, rather than only knowing that the organization's overall error rate was 7%? Managers can -- and should -- segment any metric important to the organization, such customer segments or groups, different key processes, different locations or organizational units, different employee demographics, different marketplaces, and so forth.

Measures are critical for managing and improving an organization's performance. But it's not enough to just have measures. Managers should take care to first identify the RIGHT measures and then use systematic processes to analyze and use this information for decision making and action planning.

Yours in Improvement,

Brian S. Lassiter  
President, Minnesota Council for Quality  
[www.councilforquality.org](http://www.councilforquality.org)

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2. Seeking Improvement Consultants: An Invitation to Join a Unique New Service

The Minnesota Council for Quality is pleased to announce the pre-launch of our Consultant Referral Network. Located at [www.consultantreferralnetwork.org](http://www.consultantreferralnetwork.org), the Consultant Referral Network is a unique tool that connects consultants to the organizations (clients) that seek them. The Council is inviting consultants, trainers, facilitators, and coaches that specialize in some aspect of organizational improvement to join this unique service.

What makes this service unique? Two things. First, it focuses on organizational improvement. There are other tools that help locate doctors, dentists, and plumbers. But there are very few resources available to locate organizational improvement consultants. Second, the tool allows the hiring organization (the “client”) to search for consultants based on their specific needs. So rather than sorting through dozens or hundreds of possible consultants in a directory-format, this tool will allow the client to narrow their search for the consultant(s) that meets their specific requirements -- requirements such as sector/industry expertise, consultant location, firm size, and years of experience.

Why would a consultant consider listing on this service? The Consultant Referral Network can uniquely supplement a consultant’s existing marketing strategies. The service may increase a firm’s exposure and brand awareness, as well as generate client leads and serious prospects. This service can benefit consultants because: 1) it offers a potential channel of leads and a legitimate mechanism to create market awareness for the consultant’s services and capabilities; 2) it is neutral, independent, and unbiased (each search produces a list of up to 5 vendors depending on how many match the client’s requirements); and 3) it is reasonably priced. Fees are flexible so the consultant can choose what best matches their needs -- a higher up-front listing fee with no subsequent referral fees for projects secured through the service, or a lower up-front listing fee with moderate referral fees.

We invite you to consider listing on this service. For more information or to register, please visit [www.consultantreferralnetwork.org](http://www.consultantreferralnetwork.org) or email the Council at [info@consultantreferralnetwork.org](mailto:info@consultantreferralnetwork.org).

(The Consultant Referral Network is a service offered in collaboration with the Michigan Quality Award, the Ohio Award for Excellence, and the Wisconsin Forward Award, and available with the initial support of 15 sponsors.)

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3. Minnesota Quality Conference: Time is Running Out! – 10/4-10/5

The Minnesota Section of the American Society for Quality (ASQ), in coordination with the Minnesota Council for Quality, is proud to announce the 51st annual Minnesota Quality Conference. The conference is schedule for Monday, October 4, 2004, at the

Marriott City Center in downtown Minneapolis. A post-conference day of workshops will be held Tuesday, October 5.

This two day conference will include quality and improvement topics such as Quality in Manufacturing, Quality Systems, “Small Shop” Quality, Reliability & Testing, Six Sigma, and much more! In addition, this year’s conference will include a track that features the 2003 recipients of the Minnesota Quality Award: Micro-Tech Hearing Instruments, Tappe Construction, Unisys Corporation Central Development Lab, and the US Army Corps of Engineers. So this is an excellent opportunity to learn from -- and network with -- organizations using the Baldrige framework to improve their performance.

The keynote address, “Quality and the Bottom Line: Do CEOs See a Connection?” will be delivered by Greg Weiler, ASQ Project Leader. Drawing on a baseline survey in two major markets, his talk will focus on the connection between quality management and an organization’s bottom line.

The single day conference rate is \$265 before 9/24/04 (\$235 for members of the Council or ASQ), or \$295 (\$265 for members) after 9/24/04. The two-day rate is \$480 before 9/24/04 (\$420 for members), or \$540 (\$480 for members) after 9/24/04.

For more information or to register, visit [www.mnasq.org](http://www.mnasq.org) or the Council’s Clearinghouse at [www.councilforquality.org/improve\\_events.cfm](http://www.councilforquality.org/improve_events.cfm).

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4. Lean Enterprise in the Office – PIN Discussion 10/7

Companies are realizing significant capacity gains and competitive advantage by applying Lean Enterprise techniques to their manufacturing and core service operations. The next frontier is the office. Office functions – such as order entry, quoting, scheduling, purchasing and accounting – can represent 70% to 95% of the lead-time and effort of delivering a product. In today’s competitive marketplace, you cannot afford these types of delays.

The Minnesota Council for Quality is pleased to welcome Mr. David Ahlquist of Minnesota Technology, Inc. (MTI) to the October 7 Performance Improvement Network (PIN) discussion. David will introduce you to Lean Enterprise proven tools focusing on Value Stream Mapping (VSM). He will illustrate the key benefits of applying VSM, identifying and eliminating waste in the office, effectively impacting cost and lead-time. Some of the benefits and results he will share include: improving communication, flow of information, boosting employee moral and productivity, improving customer satisfaction on-time delivery.

The discussion is from 8:00-9:00 a.m. on October 7 (networking and continental breakfast begin at 7:30 a.m.) at the University of St. Thomas in downtown Minneapolis, Murphy Hall Room 203. Admission is FREE for Council members; \$20 for the public.

For more information or to register, visit [www.councilforquality.org/perform](http://www.councilforquality.org/perform) or email [brian.lassiter@councilforquality.org](mailto:brian.lassiter@councilforquality.org).

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5. Managing the Risks of Offshore Outsourcing -- MSLF 9/28 Discussion

The Minnesota Strategic Leadership Forum (MSLF), a partner of the Minnesota Council for Quality, is pleased to announce their September 28 discussion “Managing the Risks of Offshore Outsourcing.” The discussion will be lead by Kate Boschee, partner at Faegre & Benson LLP.

A recent study concludes that by the year 2015, 3.3 million white-collar jobs (472,632 of them in IT and mathematics) and \$136 billion in wages will move offshore to countries like India, Russia, China, and the Philippines. In her discussion, Ms. Boschee will provide a quick overview of the latest research on the current and projected scope of offshore outsourcing and the business factors shaping that trend. She will also identify the benefits and risks of outsourcing in general, and offshore outsourcing, in particular. She will then describe some of the best practices for managing those risks using a variety of techniques, including project management controls and processes, contract provisions, and technological “self help.”

Specific topics will include: selecting a vendor, structuring and managing the relationship, defining and enforcing service level agreements, providing security and protecting intellectual property, managing the risks of doing business in a third world country, and anticipating and planning for the end of the relationship. Ms. Boschee will conclude with some thoughts on the ethics and politics of offshoring.

The discussion will be held Tuesday, September 28. Registration, networking, and breakfast is at 7:00 AM; the program is from 7:45-9:00 AM. The meeting is at the Metropolitan Ballroom & Clubroom, 5418 Wayzata Blvd, Golden Valley. Cost is \$35 to the public or \$25 for members of MSLF or the Council.

For more information or to register, visit <http://www.slf-minnesota.org/calendar.htm>.

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6. Nice People Finish First: Breaking Old Rules – RAQC Session 10/14

Pease join the Rochester Area Quality Council (RAQC), a partner of the Minnesota Council for Quality, for their next monthly meeting on October 14, when they welcome Karen Orman and her talk “Nice People Finish First! Breaking the Old Business Rules While Succeeding in Business and Life.”

Karen, President and Founder of Certes Financial Pros, started her company in 1994 with a simple -- yet inspiring – rule-breaking idea: be known as the best employer and you will attract employees who will, with their excellence, make clients happy, resulting in a thriving company. One of Karen's core beliefs is “those people lucky enough to find themselves in a position of power due to organizational charts, financial means, political

status, or plain old personal charisma can make the world a better place by respecting every individual they come in contact with as a individual. She also believes that laughter is the best medicine and that life is too short to not be doing something you love a lot of the time."

To date, Karen's vision is now her reality. After experiencing continuous growth, Certes has close to 100 employees. With a slew of awards, a rapidly growing company with a fabulous reputation for excellence in product and in service, she looks to the future while sharing a bit of her past. Join Karen for a fun, enlightening discussion about her entrepreneurial experiments and experiences that got her to where she is today. Engage in a lively commentary of the "old fashioned boss rules" that are now being broken in the New World of work and leave some tried and true ways to attract and keep the best people on your team--including yourself.

This program will begin at 7:30 a.m. at the University Center Rochester, Coffman Building, Room 206/208 with breakfast and networking. Karen's presentation will begin at 7:50 a.m. Also included in this October 5th event will be the presentation of the Karl Shurson Quality Award. Cost is \$20 for non-members, or \$10 for members of RAQC or the MN Council for Quality. The event will conclude at approximately 11:30 a.m. For more information or to register, visit [www.raqc.com](http://www.raqc.com).

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7. Century College Announces Fall Courses; Council Members Receive \$50 Discount

Century College, White Bear Lake, is pleased to announce their fall quality curriculum. Council members are entitled to a \$50 discount for the following courses:

- \* Certified Quality Manager (CQM), 9/22/04 through 12/1/04
- \* Certified Quality Auditor (CQA), 10/14/04 through 11/25/04
- \* Certified Quality Improvement Associate (CQIA), 12/2/04 & 12/3/04
- \* Certified Quality Manager (CQM), 1/11/05 through 3/1/05
- \* Six Sigma - An Overview, 2/1/04
- \* Appreciative Inquiry, 2/14/04

Century College offers a comprehensive program of Quality training, certificate and certification courses to meet the needs of business and industry. Courses may be customized and delivered to your organization's work site.

For more information on the above courses or any of Century's offerings, please contact Nancy Hoglund at 651-747-4048 or [n.hoglund@century.edu](mailto:n.hoglund@century.edu).

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8. St. Thomas Announces Fall Courses; Council Members Get 15% Discount

The Management Center at the University of St. Thomas recently announced its fall course offerings. As in the past, Council members will receive at 15% discount to all courses.

The following courses will be offered:

September 9 through December 16: Mini MBA  
September 10 through December 11: Planning Company Growth (Info Session 8/10)  
September 13 through December 20: Six Sigma Black Belt Certificate  
September 17: Decision Tools for Managers  
October 7: Conflict Resolution Skills  
October 28 through November 19: Six Sigma Green Belt Certificate  
November 3-4: The "Micro MBA" - Essentials for Managers Under Pressure

Mark your calendars! For more information, please contact The Management Center at 651-962-4600 or visit [www.stthomas.edu/mgmtctr](http://www.stthomas.edu/mgmtctr). You can also find more information on the Council's Clearinghouse at [www.councilforquality.org/improve\\_events.cfm](http://www.councilforquality.org/improve_events.cfm).

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9. South Central Technical College Announces Fall Courses; Council Members Get 10% Discount

South Central Technical College, Faribault Campus, is pleased to announce their fall quality curriculum. Council members are entitled to a 10% discount for the following courses:

9/20-11/8: Geometric Dimensioning & Tolerancing, \$267  
10/13: Problem Solving Tools & Methods, \$235  
10/19: Understanding & Implementing ISO 9001:2000, \$235  
10/20: Internal Auditor Skills, \$235  
11/3-11/4: Introduction to Quality, \$370  
11/15: Corrective & Preventive Action Systems, \$235  
12/1-12/2: Introduction to Lean Manufacturing, \$390  
12/8: Project Management, \$235  
12/9-12/10: Introduction to Six Sigma, \$390.

The following additional certification review classes will be offered (the 10% discount still applies):

9/16-10/14: Certified Quality Technician (CQT) Review, \$250  
9/22-10/13: Certified Hazard Analysis & Critical Control Point Auditor Review, \$200  
10/4-11/29: Certified Quality Engineer (CQE) Review, \$450  
10/26-11/30: Certified Calibration Technician (CCT) Review, \$300  
11/2-11/30: Certified Quality Improvement Associate (CQIA) Review, \$250  
11/3-12/1: Certified Quality Auditor (CQA) Review, \$250

For more information, please contact Laura Hardy at 507-332-5802 or at [laura.hardy@southcentral.edu](mailto:laura.hardy@southcentral.edu). You can also find more information on the Council's Clearinghouse at [www.councilforquality.org/improve\\_events.cfm](http://www.councilforquality.org/improve_events.cfm).

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10. Inver Hills Community College Announces Fall Events; Council Members Discounted 15%

Inver Hills Community College recently announced its upcoming management and advanced IT networking classes. Council members receive a 15% discount on all listed tuition.

The following courses will be offered:

- September 29, October 6: Introduction to Lean, \$700
- September 30, October 7: Introduction to Lean, \$700
- October 13, October 20: Introduction to Six Sigma (Yellow Belt), \$700
- October 14, October 21: Introduction to Six Sigma (Yellow Belt), \$700
- October 18-22: Six Sigma Green Belt, \$1625
- October 20-22: Six Sigma Discovery Process

For more information on any of these courses, call Bill Zwicky at 651-450-8679 or visit <http://www.inverhills.edu/>. You can also find more information on the Council's Clearinghouse at [www.councilforquality.org/improve\\_events.cfm](http://www.councilforquality.org/improve_events.cfm).

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11. Baby Lassiter Born September 15

Brian Lassiter, president of the Council, is pleased to announce the birth of his second child, Maria Elena. Maria was born September 15 at 12:33 PM. She is 19 1/2 inches long and weighs 6 pounds, 10 ounces. Her 21-month old big brother, Alexander, can already say her name, but does not understand that she is actually coming home with him, mommy, and daddy! The entire family is doing well, and Brian thanks all those that anticipated the birth.

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This newsletter is provided as a benefit to Council members, friends, and stakeholders. Feel free to forward it to your colleagues. If you wish to be removed from the distribution, please email us at [info@councilforquality.org](mailto:info@councilforquality.org).