



Inspections and Audits

“Who Says Elephants Can’t Dance?”

By Dan Zahlis

This is the question posed by Lou Gerstner in his book of the same name. Lou was the CEO charged with orchestrating the business turnaround of IBM. I too have participated in a business turnaround, and in my case, I can answer Lou’s question with a name.

My story relates to the consolidation of two production facilities that were direct competitors for more than 20 years. Each plant had its own management, work force, culture and union. We had our work cut out for us, but we knew that elephants could dance.

As we worked through the consolidation, we integrated as many business processes as possible in order to maximize efficiencies and prevent the establishment of functional thinking within the unified operation. One of our projects involved creating inspection checklists. In Lou’s book, he suggests, “People don’t do what you expect, but what you inspect.” Our goal was to use inspections to change expectations.

Both plants were accustomed to separate checklists for each area, with domain specialists responsible for the format, content and execution. These were highly redundant processes that pitted departments against one another, fostered resentment, reinforced territorial boundaries and generated a tremendous amount of frustration for supervisors and employees. The checklists also changed every time a functional specialist left the company.

The consolidation team solicited the assistance of line-level employees who were tasked to design an integrated process that relied on location-specific lists incorporating cross-functional objectives. The goal was to build an inspection process that was the least disruptive to operations while maximizing the relevance of the targeted items. Employees were cross-trained to understand each of the functional audit items and were able to offer more

practical ideas for inspection criteria.

The employees and supervisors were pleased with the improved quality and specificity of the checklists, the streamlined manner of implementation, the reliability of remediation and their ability to directly impact the checklist content. And then it happened ...

Three months into the consolidation effort, an engineer was placed in charge of the operation to expedite results. He concluded that the integrated processes failed to give him the level of control he required and reflected a management team incapable of accepting accountability for their responsibilities. He dismantled the integrated checklists and handed each functional manager her/his own list. I was the “safety guy” again.

This experience strongly influenced the design of Active Agenda’s Inspection and Audit module. The module allows organizations to build generic lists of audit criteria that can be associated with a variety of types (i.e. equipment, location, chemicals, buildings, etc.). These audit criteria can be copied to specific items matching a selected type, and can be customized to address specific risks of specific items, in specific locations, with specific audit frequencies. (Note: Generic checklists purchased from an industry association can be useful for generating ideas, but typically are ineffective when applied to an actual working environment.)

The Inspection and Audit module also enables the association of one or more “risk imperatives” (i.e. safety, quality, sustainability, operations) with each inspection item. This practice allows an organization to generate functional specific checklists by changing a simple filter. This feature is important to accommodate predictable changes in management styles, and the flexibility results in a sustainable process that cannot be derailed by disruptive changes in management philosophy.

The Inspection and Audit module is highly dependent upon the principle of accountability. Every item entered into the system requires the assignment of a “person accountable.” This allows inspection requirements to appear on a person’s dashboard when they log into the system each day.

Joint inspection processes are about more than making elephants dance. They also are about openness, transparency, continuity and accountability. On the subject of accountability, I should share the fate of the “take charge” engineer in my consolidations story. After dismantling months of collaborative work, he decided to leave the company before he was charged with grand theft – theft of property that had been listed on the integrated checklists. He took his checklists with him.

What Gets Measured

The Inspection and Audit module captures inspection criteria from across an enterprise and allows organizations to quantify the inspection process. Using the module, the audit process can be measured and deficiencies can be captured, quantified, prioritized and tracked.

What Gets Done

Inspections and audits get done in an open, transparent and collaborative manner. Criteria gets entered and maintained with a minimal amount of effort. Accountabilities get assigned, and functional compliance is streamlined with the least amount of disruption to the workforce.

This Month’s Links:

Demo: <http://activeagenda.net/list.php?mdl=apr>

Forum: <http://activeagenda.net/discussions/viewforum.php?f=12>

Wiki: http://activeagenda.net/documentation/index.php?title=Asset_Protection_Module