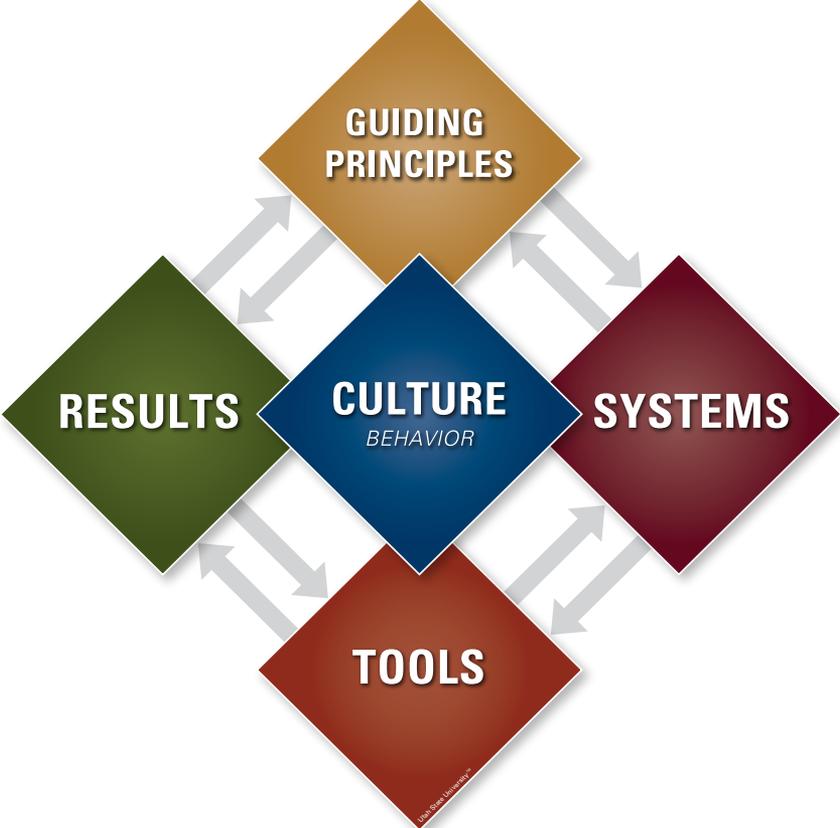


THE SHINGO MODEL™



A BRIEF INTRODUCTION

The desire to improve seems to be instinctive. For any organization to be successful in the long term, it must engage in a relentless quest to make things better. In fact, if an organization is to survive and thrive, leaders must lead their organizations on a continuous pursuit of perfection. Although it is fundamentally impossible to achieve perfection, the pursuit of it can bring out the very best in every organization and in every person.

Improvement is hard work! It requires great leaders, smart managers and empowered associates. Sustainable improvement cannot be delegated down nor organized into a “flavor-of-the-month” program or initiative. Improvement requires more than the application of a new tool or a leader’s charismatic personality. Sustainable excellent results requires the transformation of a culture to one where every single person is engaged every day in making small, and from time-to-time large, changes.

In reality, every organization is naturally in some state of transformation. The critical question is “To what end is the organization being transformed?”

Since the establishment of the Shingo Prize at Utah State University in 1988, we have been assessing organizations in various industries around the world as they’ve challenged for a Shingo award. We’ve seen firsthand how some organizations have been able to sustain their improvement results while many have experienced decline. Years ago, we discovered a clear theme: Sustainable results depend upon the degree to which an organization’s culture is aligned to specific, guiding principles rather than depending solely on tools, programs or initiatives.

To illustrate our findings, we developed the *Shingo Model™*, including the *Shingo Guiding Principles™* and the *Three Insights of Enterprise Excellence™*. The *Shingo Model™* provides a powerful framework that will guide you in transforming your organization’s culture and achieving ideal results.

THE SHINGO MODEL™

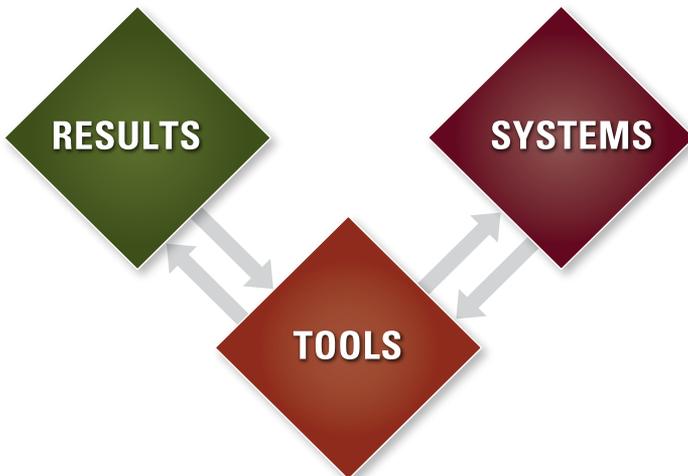
The *Shingo Model™* is not an additional program or another initiative to implement; rather, it introduces *Guiding Principles™* on which to anchor your current initiatives and to fill the gaps in your efforts towards ideal results and enterprise excellence.

Whether an organization's objectives are for financial or more altruistic purposes, the focus of all leaders is on results—more sales, higher ROI, better employee retention, faster turnaround time, etc. Organizations design systems with the intention of achieving specific results and select tools to support those systems.

SYSTEM: a collection of tools or tasks that are highly integrated to accomplish an outcome (e.g., production plan, onboarding new employees, bookkeeping, recognition systems, customer support system, etc.)

TOOL: a single device or item that accomplishes a specific task (e.g., value stream map, health benefit plan, an award, newsletter, etc.)

When we don't achieve our target results, we often try tweaking or modifying our current systems or implementing new tools with the hope of achieving better results. The following model might seem familiar:



However, an important element is missing in the above model. Tools and systems alone do not operate a business. People do.

Each person within an organization has a set of values and beliefs that influences the way he or she behaves. Ultimately, the aggregate of people's behaviors makes up organizational culture, and culture greatly influences the organization's results.

Professor Edgar Schein of the MIT Sloan School of Management said, "The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you, and you may not even be aware of the extent to which this is happening."



Cultures that form by accident or without attention can have significant, far-reaching negative effects. A culture built around "firefighting" honors and promotes the "firefighters" rather than identifying and fixing the problems that cause emergencies in the first place. In a culture that promotes the "power hungry," people might withhold information except when it has the potential to benefit them personally. They keep the decision-making authority as close as possible rather than trusting others to make appropriate choices, thus making the organization respond much more slowly to issues and much less likely to make the best decisions. Likewise, it's not difficult to imagine the behaviors we might see arise in organizations that foster cultures of fear, survival, blaming/backbiting, malaise, etc.

Conversely, we see excellent organizational cultures built around humility, respect, trust, collaboration, innovation, empowerment, etc. What are the behaviors you would expect to see within these organizations? How might their results differ from the results of the organizations we mentioned above? Finally, what is at the foundation of these organizations such that they manage their culture rather than watch as their culture manages them?

In asking ourselves these questions, we gained three important insights.

THREE INSIGHTS OF ENTERPRISE EXCELLENCE™

1. Ideal Results Require Ideal Behaviors

Ultimately, the results of an organization are dependent on the way their people behave. Whether or not an employee shows up to work in the morning will influence the results of that day. To achieve ideal results, leaders must do the hard work of creating a culture where ideal behaviors are evident in every associate.

2. Beliefs and Systems Drive Behavior

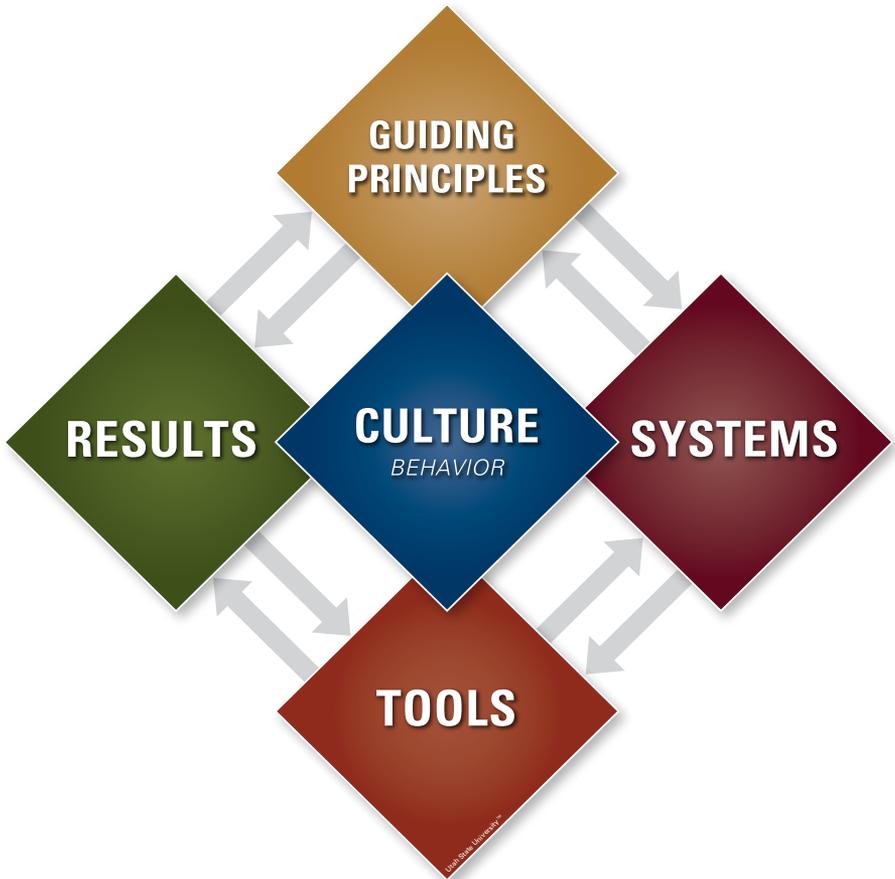
It has long been understood that our beliefs have a profound effect on our behavior. What is often overlooked, however, is the equally profound effect that systems have on behavior. Most of the systems that guide the way people work in our companies were designed to create a specific business result without regard for the behavior that the system consequentially drives. Most of us have seen, in some form or another, systems that drive poor, unintended behavior. Managers have an enormous job to realign both management and work systems to drive the ideal behavior required to achieve ideal business results.

3. Principles Inform Ideal Behavior

Principles are foundational rules that govern the consequences of our behaviors. The more deeply we understand principles, the more clearly we understand ideal behavior. The more clearly we understand ideal behavior, the better we can design systems to drive that behavior to achieve ideal results.

“There are three constants in life...change, choice and principles.”—Stephen R. Covey

THE SHINGO MODEL™



SHINGO GUIDING PRINCIPLES™

Stephen R. Covey defined a principle as a natural law that is universally understood, timeless in its meaning and self-evident. He taught that values govern our actions but principles govern the consequences of our actions.

Values are cultural, personal, interpretable and variable. Our personal values influence our beliefs and, ultimately, how we behave. Principles govern the outcomes of our choices. The values of an unprincipled person will very likely lead to behaviors that are far from ideal while the values of someone strongly committed to a set of guiding principles is highly likely to demonstrate behavior much closer to the ideal.

Given that very few things in any business can be predicted with a high degree of certainty, the realization that principle-based behavior might create predictable outcomes is quite profound. The closer our actual behavior is linked to a principle, the greater the likelihood the outcomes of our behavior can be predicted. A culture where every employee understands and is committed to principle-based behavior has a very high likelihood of achieving predictably excellent results. Similarly, an organization not well grounded in principles will witness a wide variety of personal interpretations of how to apply their individual values in work situations.

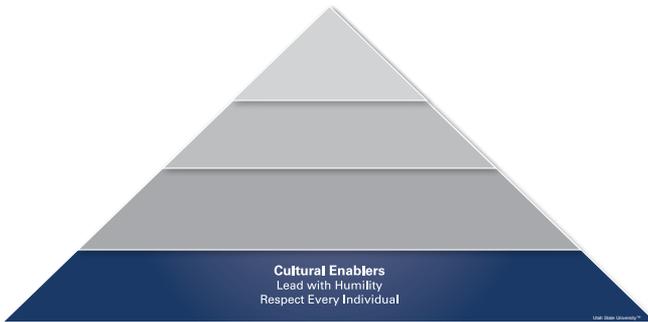
Through our study and experience, we have compiled a list of ten guiding principles that, in their totality, become the basis for building a lasting culture and achieving enterprise excellence. Following Dr. Shigeo Shingo's counsel to "think in terms of categorical principles," we have divided the ten *Shingo Guiding Principles™* into four dimensions: Cultural Enablers, Continuous Improvement, Enterprise Alignment and Results.

CULTURAL ENABLERS

The first dimension of *Shingo Guiding Principles™* consists of the Cultural Enablers. Cultural Enablers are at the foundation of the pyramid as they focus on the foundation of an organization: people.

"I have a foundational belief that business results start with culture and your people."

—Doug Conant, former CEO Campbell Soup.



RESPECT EVERY INDIVIDUAL

Respect must become something that is deeply felt for and by every person in an organization. Respect for every individual naturally includes respect for customers, suppliers, the community and society in general. Individuals are energized when this type of respect is demonstrated. Most associates will say that to be respected is the most important thing they want from their employment. When people feel respected, they give far more than their hands—they give their minds and hearts as well.

To better understand the principle of respect for every individual simply ask the question “why?” The answer is because we are all human beings with worth and potential. Because this is true, every individual deserves my respect.

▶ Examples of Ideal Behaviors

- Create a development plan for employees including appropriate goals.
- Involve employees in improving the work done in their areas.
- Continually provide coaching for problem solving.

LEAD WITH HUMILITY

One common trait among leading practitioners of enterprise excellence is a sense of humility. Humility is an enabling principle that precedes learning and improvement. A leader’s willingness to seek input, listen carefully and continuously learn creates an environment where associates feel respected and energized and give freely of their creative abilities. Improvement is only possible when people are willing to acknowledge their vulnerability and abandon bias and prejudice in their pursuit of a better way.

► Examples of Ideal Behaviors

Treat all ideas as equal in value, no matter whose idea it is.

Leaders and managers are frequently in the workplace where the work occurs to observe, ask questions and coach.

CONTINUOUS IMPROVEMENT

Where the first dimension addressed the principles around the people of an organization, the second dimension addresses the processes.

In a culture of continuous improvement, we cannot only focus on quality or cost but we must incorporate all aspects of value as perceived by the customer: innovation, quality, cost, flexibility, quick delivery and a comprehensive view of environmental health and safety.

“Improvement means the elimination of waste, and the most essential precondition for improvement is the proper pursuit of goals. We must not be mistaken, first of all, about what improvement means. The four goals of improvement must be to make things easier, better, faster and cheaper.” —Dr. Shigeo Shingo



SEEK PERFECTION

Perfection is an aspiration not likely to be achieved but the pursuit of which creates a mindset and culture of continuous improvement. The realization of what is possible is only limited by the paradigms through which we see and understand the world.

▶ Examples of Ideal Behaviors

Create long-term solutions rather than leave temporary fixes in place.

Constantly work toward simplifying work.

FOCUS ON PROCESS

All outcomes are the consequence of a process. It is nearly impossible for even good people to consistently produce ideal results with a poor process both inside and outside the organization. There is natural tendency to blame the people involved when something goes wrong or is less than ideal, when in reality the vast majority of the time the issue is rooted in an imperfect process, not the people.

▶ Examples of Ideal Behaviors

When an error occurs, focus on improving the process that created the error.

Ensure that all parts, materials, information and resources are correct and meet specifications before using them in a process.

“Most of what we call ‘management’ consists of making it difficult for people to get their work done.” —Peter Drucker

EMBRACE SCIENTIFIC THINKING

Innovation and improvement are the consequence of repeated cycles of experimentation, direct observation and learning. A relentless and systematic exploration of new ideas, including failures, enables us to constantly refine our understanding of reality.

▶ Examples of Ideal Behaviors

Follow a structured approach to solving problems.

Encourage employees to explore new ideas without fear of failure.

FLOW & PULL VALUE

Value for customers is maximized when it is created in response to real demand and a continuous and uninterrupted flow. Although one-piece flow is the ideal, often demand is distorted between and within organizations. Waste is anything that disrupts the continuous flow of value.

▶ Examples of Ideal Behaviors

Avoid creating or having more product or services than are necessary to serve customer demand.

Ensure the resources that are needed are available when required.

ASSURE QUALITY AT THE SOURCE

Perfect quality can only be achieved when every element of work is done right the first time. If an error should occur, it must be detected and corrected at the point and time of its creation.

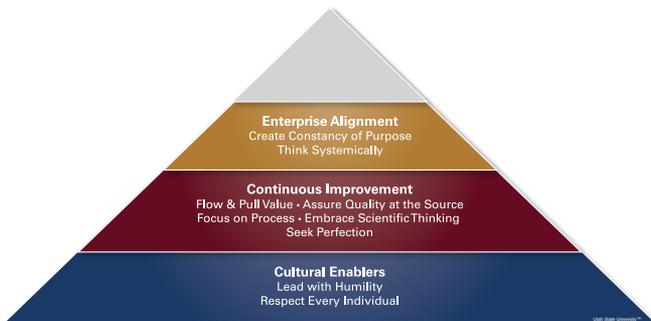
▶ Examples of Ideal Behaviors

Organize places of work so potential problems become immediately visible.

Stop work to fix errors before continuing.

ENTERPRISE ALIGNMENT

Now that we've covered the first two dimensions of the *Shingo Guiding Principles™* regarding people and processes, we continue to the third dimension that lists the principles regarding the purpose of an organization. To achieve enterprise excellence, an organization must effectively align every value stream.



THINK SYSTEMICALLY

Through understanding the relationships and interconnectedness within a system we are able to make better decisions and improvements.

▶ Examples of Ideal Behaviors

Eliminate any barrier that prevents the flow of ideas, information, decisions, product, etc.

Ensure the goals and issues for each day are understood by those who are affected.

CREATE CONSTANCY OF PURPOSE

An unwavering clarity of why the organization exists, where it is going, and how it will get there enables people to align their actions, as well as to innovate, adapt and take risks with greater confidence.

▶ Examples of Ideal Behaviors

Clearly communicate the direction and purpose of the organization to all.

Set goals that are connected to the organization's overall goals.

“Business and human endeavors are systems... we tend to focus on snapshots of isolated parts of the system and wonder why our deepest problems never get solved.” —Peter Senge

RESULTS

The fourth and final dimension is Results. Great results are the outcome of following the principles that govern the results. The closer we emulate ideal behaviors, the closer we are to achieving enterprise excellence – consistently delivering ideal results to all stakeholders.



CREATE VALUE FOR THE CUSTOMER

Ultimately, value must be defined through the lens of what a customer wants and is willing to pay for. Organizations that fail to deliver both effectively and efficiently on this most fundamental outcome cannot be sustained over the long-term.

▶ Example of Ideal Behaviors

Work to understand customers' needs and expectations.

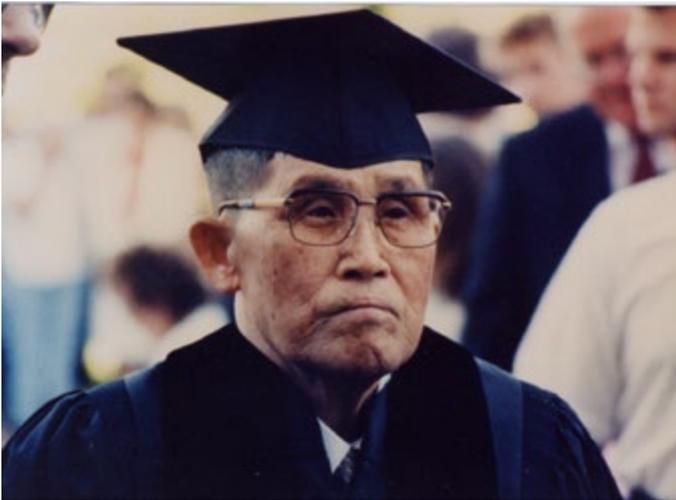
“A relentless barrage of ‘why’s’ is the best way to prepare your mind to pierce the clouded veil of thinking caused by the status quo. Use it often.”

—Shigeo Shingo

CONCLUSION

The information in this handbook is meant to serve as a high-level introduction to the *Shingo Model*™ and the *Shingo Guiding Principles*™. We hope you have found the information insightful and useful. We also hope the concepts have resonated with you and inspired you on your personal and organizational journey to excellence.

We encourage you to ponder on the ideas we've discussed here and to consider how deepening your understanding of the principles and the associated ideal behaviors might benefit you and your organization for years to come.



*If today is going to be any different from yesterday,
we must blaze new trails every day.* —Shigeo Shingo