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FOR THE ONES WHO GET IT DONE

Using PDCA Leadership to
BUILD A CULTURE OF
Continuous Improvement

Mike Pulick
SVP, President, Grainger U.S.

Presentation Goals

- Share my personal lean leadership story

- Reflect on your own personal and organization CI journey

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My Continuous Improvement Journey

2008   2009   2010

New Role
SVP
Customer
Service

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2007 Customer Service Roadmap

COMPANY OBJECTIVES

(**Sales Growth** — Double Digit)   (**Shareholder Value** — Stock Price & PST)

CUSTOMER SERVICE MISSION

Provide unparalleled customer service by navigating customers to the right solutions through integrated branch, on-line, onsite, phone and engaged employees at the lowest cost to serve.

STRATEGIC OBJECTIVES

FORMULA FOR SUCCESS

$$S = I \; {}_* \, CR \; {}_* \; \overline{X}\$$$

"WOW" Customer Experience	Navigate Customers	Cost to Serve

KEY DRIVERS

People	Operational Excellence	Knowledge & Skills	Continuous Improvement
• Selection • On boarding • Coaching • Reward & Recognition	• Customer Ready • Standardized Process • Best Practice Adherence	• Service Mission • Customer Selling • Product Knowledge • System Skills	• Lean / Kaizen • Six Sigma • Visual Management

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My Continuous Improvement Journey

Go See
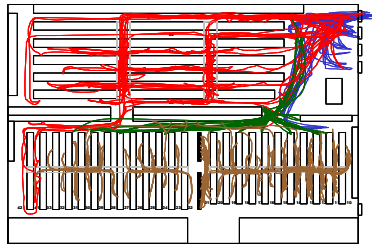Salt Lake City
Lean Project:
Trailer Unload

2008   2009   2010
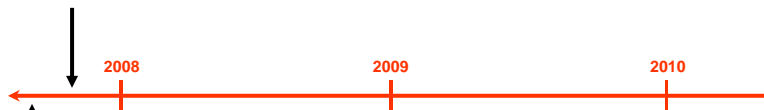
New Role
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Salt Lake City Go-See

Before   **After**

Salt Lake City Go-See

Salt Lake City Go-See

Salt Lake City Go-See

Put-Away Time Improvement

Process	Reduction
Unload	52%
Bulk	79%
Inline	5%

Walking (Waste) Improvement

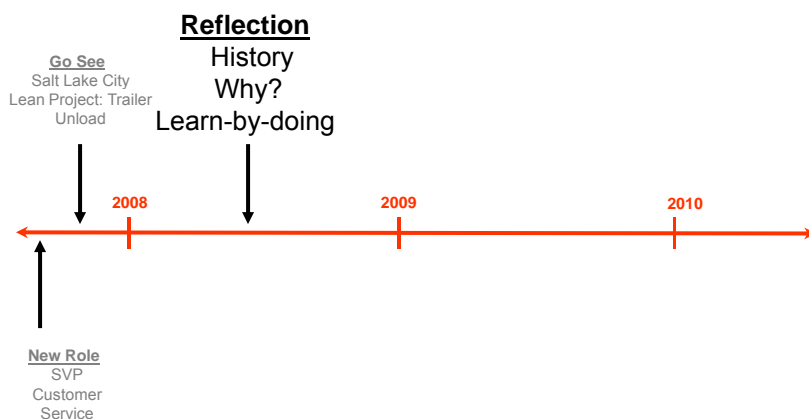| Process	Reduction
Bulk	100%
Inline	65%

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Salt Lake City Go-See

- Why didn't the employees "see" the improvement solutions sooner?

- What other processes can we lean out?

- How fast can we get it done?

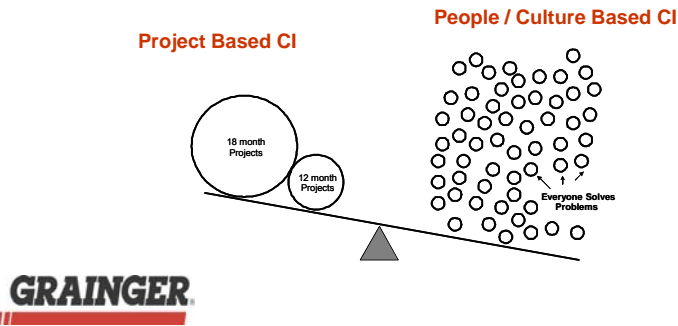- What's my role to lead the way?

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My Continuous Improvement Journey

Reflection
History
Why?
Learn-by-doing

Go See
Salt Lake City
Lean Project: Trailer
Unload

2008   2009   2010
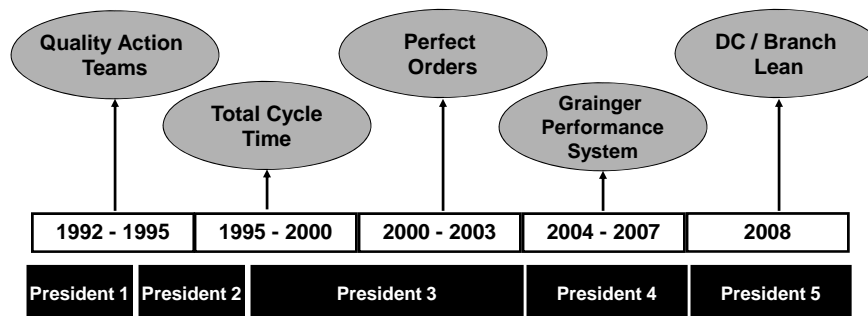
New Role
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2008 Planning Cycle Questions

- What would it take to get everyone in the company to work this way?

- Why don't we have a culture of CI?

Project Based CI

People / Culture Based CI

18 month Projects

12 month Projects

Everyone Solves Problems

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Grainger U.S. CI Journey

Quality Action Teams

Total Cycle Time

Perfect Orders

Grainger Performance System

DC / Branch Lean

1992 - 1995	1995 - 2000	2000 - 2003	2004 - 2007	2008
President 1	President 2	President 3	President 4	President 5

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History Lesson Observations
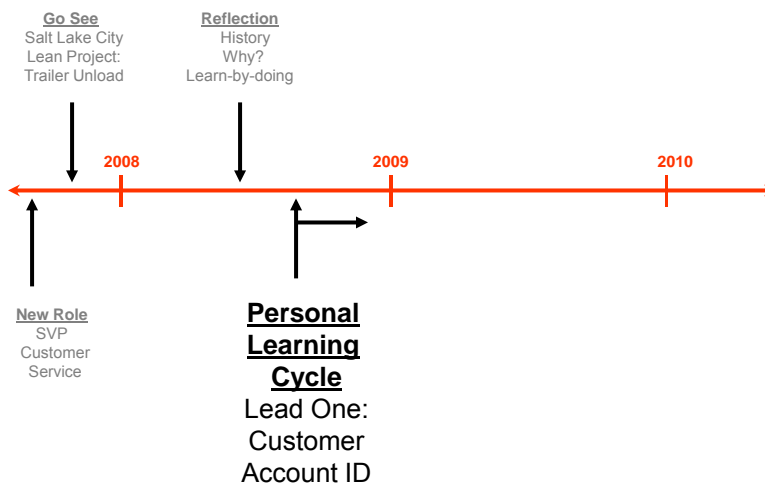
Patterns of previous CI attempts?

- Leadership changes

- Employee behavior

- Middle management buy-in

- Leaders not accountable

- Inconsistent communication

- Program & form, not substance

- Consultant driven methodology

Ensure we don't repeat the mistakes of the past?

- Simplicity is key

- Be more patient

- Focus on the customer

- Leaders must go and see

- Create pull

- Transparent about problems

- Give the why – communicate

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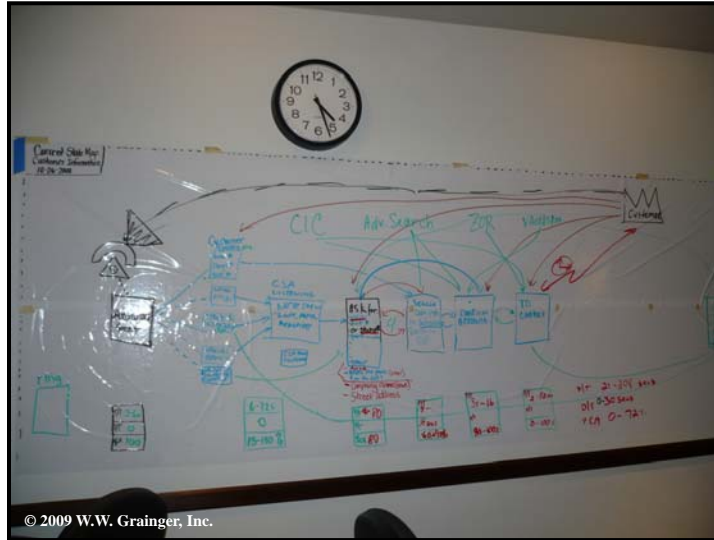
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SVP
Customer
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Personal Learning Cycle
Lead One:
Customer
Account ID

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Leading A Value Stream Cycle

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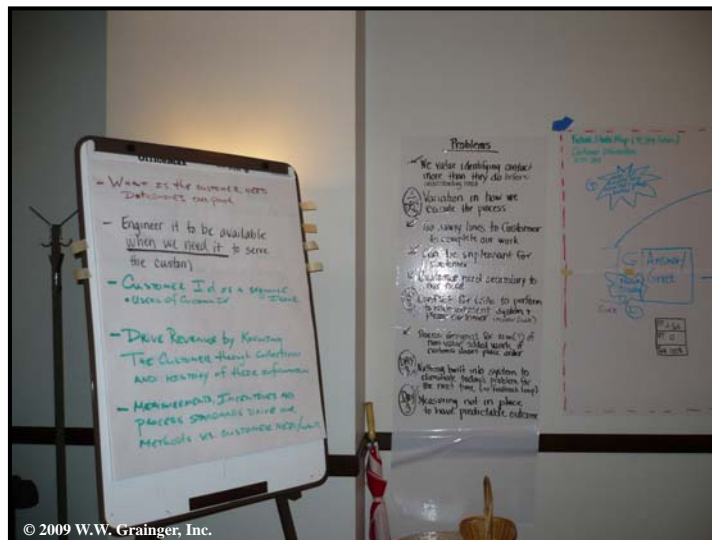
Leading A Value Stream Cycle

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Leading A Value Stream Cycle
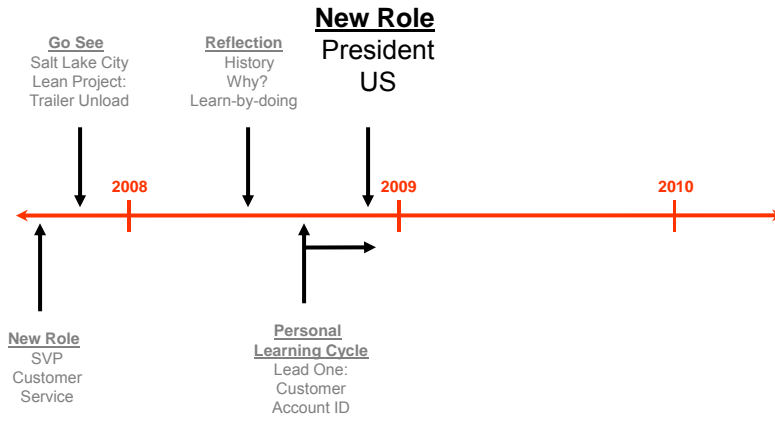
Leading A Value Stream Cycle

Leading A Value Stream Cycle

Leading A Value Stream Cycle

- Why does it take this much effort to solve a problem?

- Are we developing highly effective coaches?

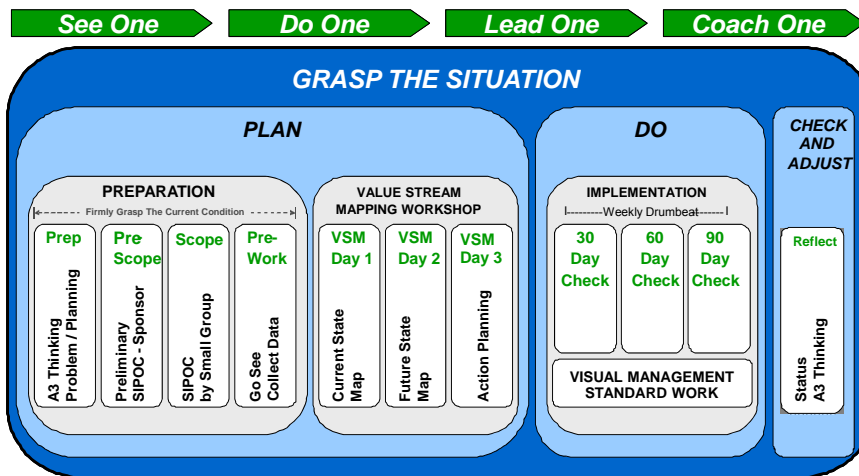- What would it take for all leaders to gain this experience and skill?

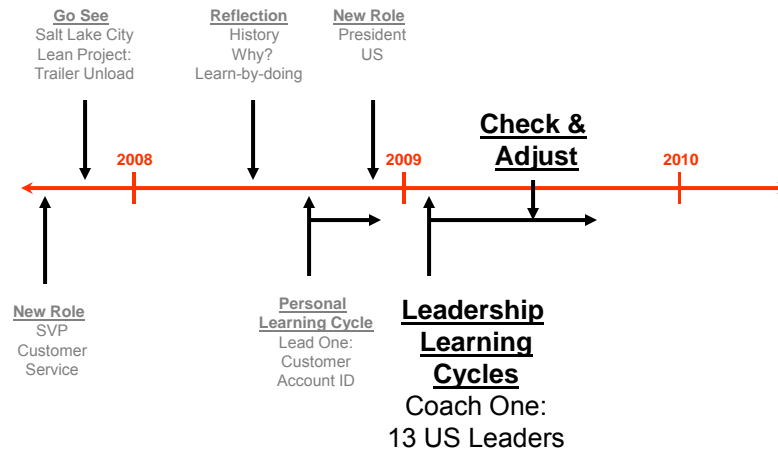**GRAINGER.**

My Continuous Improvement Journey

Go See
Salt Lake City
Lean Project:
Trailer Unload

Reflection
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Why?
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New Role
President
US

2008   2009   2010

New Role
SVP
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**Personal
Learning Cycle**
Lead One:
Customer
Account ID

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Grainger's CI Journey

Grainger's Continuous Improvement Learning Cycle

See One   Do One   Lead One   Coach One

GRASP THE SITUATION

| PLAN | | | | | | | DO | | | CHECK AND ADJUST |

PREPARATION
|-------- Firmly Grasp The Current Condition --------|

VALUE STREAM MAPPING WORKSHOP

IMPLEMENTATION
|----------Weekly Drumbeat------|

| Prep | Pre Scope | Scope | Pre-Work | VSM Day 1 | VSM Day 2 | VSM Day 3 | 30 Day Check | 60 Day Check | 90 Day Check | Reflect |

A3 Thinking Problem / Planning

Preliminary SIPOC - Sponsor

SIPOC by Small Group

Go See Collect Data

Current State Map

Future State Map

Action Planning

VISUAL MANAGEMENT STANDARD WORK

Status A3 Thinking

My Continuous Improvement Journey

Go See
Salt Lake City
Lean Project:
Trailer Unload

Reflection
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Why?
Learn-by-doing

New Role
President
US

Check & Adjust

2008   2009   2010

New Role
SVP
Customer
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Personal Learning Cycle
Lead One:
Customer
Account ID

Leadership Learning Cycles
Coach One:
13 US Leaders

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Coaching A Value Stream Cycle

Analytics

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Supply Chain

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Human Resources

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Sales

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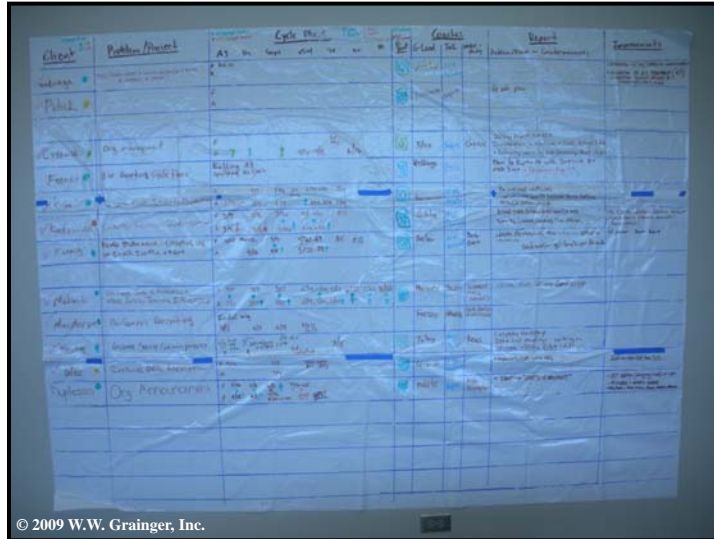
Coaching A Value Stream Cycle

Observations

- Some thought CI was optional

- Some delegated CI work to others

- Some wanted to finish first

- Some struggled to work "this way"

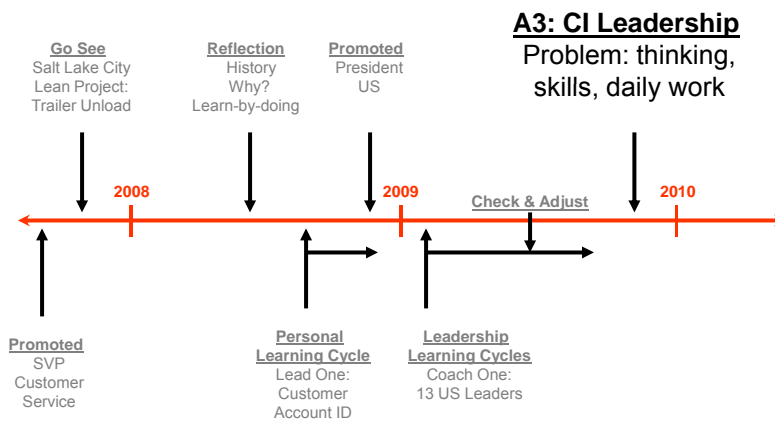- Some succeeded and started practicing CI beyond the learning project

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Realizations

- People were watching me/us

- People started practicing CI by watching us

- Coaches needed social and behavior coaching

- Wide variation in leader's ownership

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My Continuous Improvement Journey

A3: CI Leadership
Problem: thinking, skills, daily work

Go See
Salt Lake City
Lean Project:
Trailer Unload

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Promoted
President
US

2008

2009

Check & Adjust

2010

Promoted
SVP
Customer
Service

Personal Learning Cycle
Lead One:
Customer
Account ID

Leadership Learning Cycles
Coach One:
13 US Leaders

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A3 CI Leadership Skill Learning Plan

Problem:

Many members of the USLT are having trouble thinking, practicing and leading CI on a daily basis.

Countermeasures:
- Set clear expectations
- 3-way assess CI leadership skills
- Increase coaching support
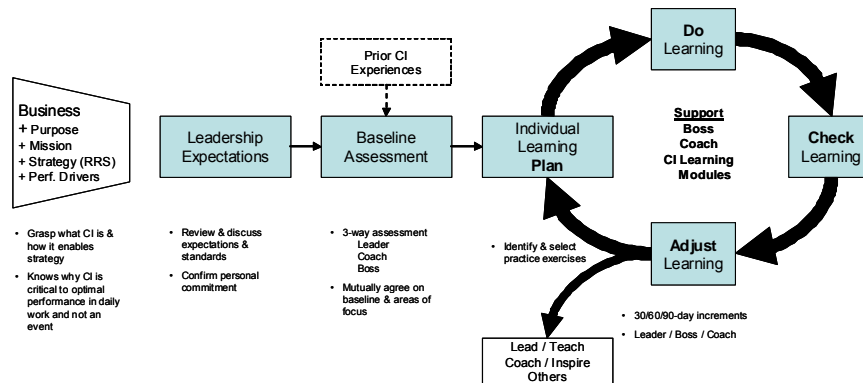- Individual development plan
- 30/60/90-day check & adjust

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CI Leadership Expectations

- Work a different way

- Leaders are role models

- Behaviors and expectations

  - Specify value
  - Show respect
  - Strategy deployment
  - Teach & coach

  - Ask why
  - Commitment to learn
  - A3 thinking

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CI Learning System Map

Personal Reflections and Learning

- Learn by doing

- Cycle of learning

- Check and adjust

- Importance of coaches

- It's all about **leadership**

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