Milliken Performance System
Leading to Operational Excellence
Leading to Operational Excellence

A manufacturer is in many ways an image of its leadership, with the executive’s style, tone, and behavior reflected throughout the organization. Leadership’s role is even more critical in organizations undertaking lean transformations as many lean leader attributes are not taught in business schools, nor are they intuitive. Yet too often manufacturing leaders — corporate- or plant-level — downplay their critical roles in lean transformations. Subsequently, improvement efforts fail to get off the ground or plateau and fade.

Craig Long, executive director of Performance Solutions™ by Milliken, the performance consulting division of Milliken & Company, has first-hand experience as a lean leader. In the 1990s, he and Milliken & Company executives toured dozens of manufacturing facilities in Japan, benchmarking achievements in world-class operations. Long and his colleagues believed Milliken could implement and succeed with the methods they observed, provided they could align those methods with their unique culture. Decades later, the Milliken Performance System is the measurable, daily management system for all Milliken manufacturing locations and provides a systematic, step-by-step path for sustainable operational excellence (see Milliken Performance System).

Performance Solutions™ by Milliken has worked with dozens of companies, helping manufacturing leaders understand the Milliken Performance System and how it can be applied within their organizations.

Performance Solutions practitioners mentor and coach leaders as they launch and sustain lean transformations unique to their organizations. And during that process it’s not uncommon for manufacturing executives to reassess their traditional leadership approaches. Long identifies three common traits that hamper leaders from fully driving their organizations to operational excellence:

- **Grab initiatives**: Quickly jump to the “next thing” without giving the approach sufficient time or support.
- **Shoot for short-term objectives**: Overanxious for quick results, especially at public companies, and willing to take unproductive shortcuts to get quick results, even at the expense of long-term improvement.
- **Too hands-on**: Reluctance to let go and allow managers to manage and frontline employees to tackle the problems they face daily.

These leadership tendencies undermine operational transformations. And yet there is good news: there are clear lean-leader attributes to emulate, and it is possible for executives to change and, in the process, dramatically change their organizations for the better.
Organizational Patience

When rolling out an improvement effort, executives are initially excited by the early returns from low-hanging fruit, but many quickly become disenchanted when the pace of improvement weakens or plateaus. Rather than accepting the complexity and duration of a full operations transformation — what’s necessary to build an organization capable of improving incrementally and consistently — they instead look for a new approach or system, says Long.

“Leaders sometimes have a hard time distancing themselves from an initiative-driven mindset,” adds Phil McIntyre, Performance Solutions director of business development. One reason executives reach leadership positions is their ability to implement new ideas and new thinking, “but sometimes that leads to a mindset of not optimizing the potential at hand before they move on to the next idea.”

Executives with an initiative perspective rarely see and implement enough of an improvement system — such as the Milliken Performance System — and instead grab another initiative. In doing so, they limit their organizations’ transformation to that which can be culled from only an initiative, rather than a long-term system of improvement that engages the workforce and changes corporate culture.

Long says many manufacturing leaders come to Milliken confused; they wonder why their companies’ improvement efforts quit working and tell tales of moving from one initiative to another. That cycle ultimately leads to organizational confusion when management and employees jump from what was important to what’s now important. The initiatives are not in place long enough to gain momentum, resources, and investment. Performance Solutions helps executives establish a framework for “organizational

Milliken Performance System

Milliken & Company, a 150-year-old multinational group of textile and chemical companies, has steadily implemented the Milliken Performance System, the backbone of how the organization operates. The system is characterized by a foundation of safety and strategic clarity (i.e., identifying and executing improvements most beneficial to the organization) and is supported by key pillars (principles), such as quality management, planned maintenance, and production control, which drive Milliken to be a lean enterprise.

Milliken’s tireless adherence to its systematic improvement approach has led to stellar operational performances and countless industry awards, including the Malcolm Baldrige National Quality Award, European Quality Award, British Quality Award, Canadian Quality Award, Japan Institute of Plant Maintenance TPM Excellence Award, Fortune’s 100 Best Companies to Work For, and World’s Most Ethical Companies.

Performance Solutions is the operational consulting division of Milliken and helps other manufacturers make similar advances.
patience,” which moves them away from an initiative-driven mindset.

“We work very hard on proof of concept with senior leaders,” says Long. Performance Solutions does this by asking them at the outset to establish the terms that will prove their transformation effort is working and give them the confidence to have the organization adhere to the plan — i.e., organizational patience.

“Proof of concept is critical on our implementations,” says McIntyre. “It’s easy to make dollars drop [show initial cost improvements]. But for gains to be sustained over time, there’s a cultural aspect to it as well, and it takes longer for the cultural aspect to take root than it does for the dollars to drop. The ability to sustain the gains over time is where a lot of leaders don’t necessarily have the organizational patience. Once they see the dollars drop, then they’re going to the next initiative to look for the next big thing instead of putting the system in place that sustains the gains.”

As terms and targets are hit and leader support continues, the transformation journey gains momentum and eventually hits a tipping point where the leader and the organization recognize its value. “Once you recognize something new that has value, you can’t ever go back,” adds Long. “That is really the differential — having the discipline to get to the point to fully institutionalize something in an organization.”

“People need to understand this is important, this is where we’re headed, and that this is a long-term commitment to the organization,” says Alan Hoover, general manager of Jane’s Dough Foods.

“It can’t be seen as the flavor of the month or, ‘We’re going to do this for the next six months.’” Hoover initially worked with Performance Solutions in transforming Kahiki Foods. In spring 2011, he took a leadership role with Jane’s Dough Foods, a manufacturer of dough, pizza shells, and pizzas, and is now working with Performance Solutions to implement the Milliken Performance System in the Columbus, Ohio, company.

Long-Term Objectives

A second inhibiting trait among aspiring lean leaders is a focus on short-term objectives. But unlike a lack of patience that causes an executive to too quickly try something else, a short-term view is typically driven by external forces — financial targets that must be met, especially in publicly traded companies. When an organization has to report every 90 days, leaders are prone to make decisions that make that window of activity look as good as possible, occasionally at the expense of decisions that would have benefitted the organization long term.

“There’s all kinds of things you can do to reduce certain line items, but you’re going to pay for those items at some point in time,” says Long. “Deferring those for the short term, I believe, is much worse. I believe there is a great deal of discipline required of leaders, and they need to understand the difference between what’s a cost and what’s an investment.” He says the leader of Milliken & Company for 71 years, Roger Milliken, understood that difference and saw the benefit of investments; he embraced “soft” items, such as education and research, as necessary for the long-term growth of the company.
One so-called soft item, continuous skills development, is a pillar of the Milliken Performance System. Other so called items, such as employee safety and engagement, are its foundation. Hoover recalls his initial encounter with the Milliken Performance System. “When you look at all the pillars of the Milliken Performance System, it encompasses quality, lean six sigma, preventive maintenance, predictive maintenance, and daily team maintenance. It encompasses innovation and growth. It encompasses continuous skills development, 5S, and early equipment maintenance. Many of those were things that we weren’t doing at all when [Kahiki] started with Milliken.”

Hoover says he was impressed by the comprehensiveness of the system and the benefits of the individual system components. For example, “The continuous-skills development team was vital to our operation. Numerous people went through various training and educational courses. We had 12 or 13 people receive their accreditation for six sigma... Our maintenance staff really upgraded their skills through various training programs that we were able to get. The whole approach was comprehensive.” He says Kahiki Foods and Performance Solutions by Milliken® developed a “tremendous relationship,” which is why he didn’t hesitate to seek out its support for Jane’s Dough Foods.

It’s beneficial to have hands-on engagement with the tools and practices of the Milliken Performance System, as it can inform a leader’s strategies and provide awareness of what’s occurring in the organization. Initial participation with early improvement efforts also shows leadership what types of problems exist in the company. But leaders cannot push solutions down to frontline problems. They need to trust managers to manage and the workforce to drive specific job-related improvements, and trust their systems of checks and reviews to keep their transformations on track.

“Early on when implementing the Milliken Performance System, leaders and managers need to roll up their sleeves,” says McIntyre. “They need to understand it, because what they’re doing is sending a message to the organization that this is important and they’re going to be part of it as well. And I would definitely recommend that it happen early in the model, but not extend much beyond that, because beyond that comes the strategic part of managing replication. How do we replicate gains in this model area to other model areas?” (See Managing the Model.)

Stepping away from the hands-on activities after working in the model area requires leaders to delegate authority. “That is a very difficult thing to do,” adds Long. “It requires a lot of discipline on the part of a very strong leader to have the trust that those in the organization can accept that role and responsibility and do it just as well, and, in doing so, free the leader’s time to really do and think about the things that are going to ensure the future of the organization.”
Transforming to a Lean Leader

All manufacturing leaders know what’s expected of them. They face financial statements, customers, stakeholders, etc. on an ongoing basis. There’s no denying the what. Long says truly world-class leaders understand the what but also continually search for the best how. “How are we going to do this? What is the one best way to achieve what is expected of us? I saw that in Milliken. I’ve seen it in other organizations. Even the best companies will struggle with that, and they’ll struggle with it at the top of the organization. Once they have consensus on the how, then it’s a matter of communicating that to the organization.”

“Performance Solutions shows the leaders we work with the tactics for having conversations about what a performance system or a continuous-improvement methodology looks like,” says McIntyre. “We show them strategically how everything they do falls under the umbrella of continuous improvement or a daily management system.” It’s important for leaders to have that clear understanding so they can deliver a consistent message of what and how, which lead to a third question: Why? To engage and motivate an organization, leaders need to explain why they’re going to do it.

Managing the Model

A key step in implementing the Milliken Performance System is to identify a specific area, department, line, or critical piece of equipment within a plant or plants to begin the lean transformation. Leadership’s role in this stage is to guide the selection of the model, sorting through criteria, such as urgency for improvement, replicability to other areas, and capacity for complete improvement.

That guiding role is critical to overall transformation, says McIntyre. For example, if a model area is already performing well, then it might be perceived as just a continuation of good performance. Or if an area is dealing with a new machinery installation or ERP implementation, availability of resources for a performance system is likely to take a back seat. Leadership must identify poorly performing units with stable management and have a desire to improve that. Once one area is improved, the rest of the organization will rally around. And in large organizations, only leadership can make the difficult decision of identifying the breadth of model replication — identifying areas and locations that are strategic and transformative for the organization, and those that are not.

Alan Hoover, general manager, Jane’s Dough Foods, says his company “will start small and develop a model room that is laid out properly, where things are labeled properly and put into their proper position, and where you can see the abnormality and normality within one second. And we’re going to get that right, and then move it out to the other parts of our facility. Although it may take a little bit longer on the front end, once you get [the model] right and everybody sees it and gets it, then you’re going to be able to move very quickly to implement it systemwide.”

Leaders should be patient upfront with selection and transformation of the model, Hoover advises. “You can play a key role with that smaller group, that smaller area, and make sure it’s really done right so that it gets replicated much faster. I think patience on the starting end is a key... We’re going to move slowly at first, but then we’re going to move very fast.”
“You can call it ‘the burning platform,’ you can call it the ‘visionary aspiration’ — people want to know why are we doing this, what is our current state and future state, and, by doing this, how are we going to get further up the line,” says Long. “Best-in-class companies will link the what and how with why. That messaging is then cascaded all the way through the organization so the expectations are clear, accountability is clear, the awards and recognition are clearly linked to what’s being achieved. Those organizations that struggle don’t have these three aligned.”

The “story” that aligns the three can be as diverse as the leader who develops the message: it may address the need to raise the bar due to global competition, or may be an urgent plea to transform and survive. “Milliken & Company had faced a competitive environment when our transformation began decades ago, and we actually made the decision we would not go out with a burning-platform story,” says Long. “We thought it would just instill fear in the workforce, and, therefore, we chose to really position what we wanted to do as a visionary aspiration — how do we absolutely become the best at what we do, knowing if we did that it would secure the future of the company.”

Hoover recently accompanied the VP of operations of Jane’s Dough Foods to two Milliken & Company facilities, and additional staff have also visited plants in Spartanburg, S.C., with more visits planned. The initial reaction of his colleagues has been “wow,” says Hoover. “The safety program that Milliken has, their 5S program, the entire Milliken Performance System, how they maintain their equipment, how they communicate with their associates, how the associates drive so many things — it was just an eye-opening experience for him and the other people that have gone down there so far.”

What Performance Solutions’ approach reveals is that being a lean leader is a learned behavior. When leadership teams and top managers observe operational excellence, eyes and minds are opened. And when done as a group, a common leadership vision for continuous improvement — what, how, and why — begins to emerge.

“Seeing the Milliken sites helps significantly because it makes continuous improvement and our performance system tangible,” says McIntyre. “It allows executives and staff to touch it more so than read about it or hear about it. Our business wouldn’t be where it is today without our ability to demonstrate.” He says the facility tours allow visitors to see what they want for their companies, and then take the next step to see how it can work in their companies by undergoing an assessment. Performance Solutions sends practitioners to client sites to “get a feel for what’s going on, what’s currently in place,” adds McIntyre.
Performance Solutions practitioners, who have typically spent an average of 20 years working within six different Milliken & Company facilities, conduct assessments. An assessment identifies weaknesses and strengths and pinpoints gaps. Through interviews of associates and operators, it also offers a 360-degree view of culture.

From Learning to Leading

When starting work with Performance Solutions, leaders are advised to not tell their organizations “we’re going to implement the Milliken Performance System.” Like Milliken & Company adapting the methods learned through its own best-in-class benchmarking years ago, manufacturers must ultimately implement their own systems, ones that will resonate with their managers and workforces. “You want to implement components of the Milliken Performance System that fill the gaps of your existing performance system,” says McIntyre. “An assessment allows us to identify those gaps and make recommendations as to the particular components that should be implemented.”

After the assessment, leaders also are engaged in master planning. Performance Solutions practitioners sit down with leadership and identify what was learned through the assessment and describe the implementation that they believe will transform the organization. Leaders are challenged to push back on what they hear: “This is what we think an implementation would look like in your organization. How does that feel to you? Does it feel too slow? Does it feel too fast? Is this the right area we should be focused on? Is this the right resource allocation, etc.” McIntyre says, “Master planning gives leaders an opportunity to craft the implementation to ensure sufficient organizational buy-in.”

Coaching and training that will assist leadership on a daily basis also takes place. “We use the word ‘leadership,’ but recognize that you can’t do this alone,” says McIntyre. As such, leaders learn to empower their workforces, engage associates to a greater degree, and engage associates that aren’t necessarily reporting to them. “One of the most difficult aspects of being a leader is getting people that don’t necessarily report to you doing the things you want them to do or you need them to do. There’s coaching strategies and tactics that come into play when we talk about being a performance system leader.”

Hoover agrees, and says he learned lessons on his first transformation at Kahiki Foods that will serve him well at Jane’s Dough Foods. “Especially in the executive areas, you’re going to have a couple of guys that just aren’t going to be on the bus with you. They’re not going to be all the way committed like they need to be. And you need to move very quickly with those people. If they’re not going to get behind the initiative and move forward with you, in lockstep with you, then you need to have a good heart-to-heart conversation… You just can’t have people that are rowing against you in the boat or drilling holes in the boat. They have to be rowing in the same direction with you.”

Also as part of master planning, McIntyre walks leadership through “absolutes for success” that address what executives must focus on. “One of those six absolutes for success is rewards and recognition. A lot of change is going to occur. A lot of effort is going to go into it. How do you, as a leader, take a step back and recognize these efforts that are occurring? And it’s not necessarily financial in nature, but somehow give consideration to how you’re going to recognize your plants for doing what they’re doing.”
Long agrees that appropriate awards and recognitions must align with desired objectives. For example, short-term rewards are likely to generate short-term results, which will not be conducive to long-term organizational discipline nor institutionalize culture and behaviors in the organization. Similarly, placing objectives before the workforce without the tools to achieve them is certain to throttle a transformation. Leaders should ensure management and workforce have the tools and knowledge to do the right thing and to succeed — be the voice of change, but then allow the organization to change.

“You really need to be the champion; you need to be the person out front leading the charge,” adds Hoover. “Now you don’t have to do all the implementation, but you have to be out there. You must lead this thing forward, removing the barriers, the obstacles, and provide the encouragement and the reinforcement that’s needed to affect change.”
Put Performance Solutions to Work For You

Each experienced practitioner uses Milliken’s world-class and award-winning approach that has been developed through two decades of benchmarking best practices around the world. Milliken’s approach is grounded within an organic, associate-based culture. Discover how Milliken’s practitioners work alongside leadership, management and associates from all manufacturing disciplines to create higher performing and safer organizations.

Visit www.performancesolutionsbymilliken.com to learn more about Milliken’s consulting and education services.

Worldwide Contacts:

Phil McIntyre, Director, Business Development & Marketing
864-503-1780
Phil.McIntyre@Milliken.com

Jeff Rosenlund, Director, Business Development
864-503-1780
Jeff.Rosenlund@Milliken.com

European Contacts:

Chris Poole, European Business Development Manager
+44-(0) 7834-608-255
Chris.Poole@Milliken.com

Nick Bailey, European Business Development Manager
+44-(0) 7747-756-208
Nick.Bailey@Milliken.com