5 BUILDING BLOCKS FOR CREATING A QUALITY-FIRST CULTURE



THE LEADER'S PLAYBOOK

CHAD DORGAN



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The Leader's Playbook

5 Building Blocks for Creating a Quality-First Culture

Chad Dorgan



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Preface

My journey to creating this book, like most things, started out very small. As a young lieutenant in the U.S. Air Force, I was responsible for designing a retrofit of the heating and cooling systems for the hospital's operating rooms at the base where I was stationed. Then, because I was deployed to Operation Desert Storm, I missed the entire construction of the project. However, after I returned from deployment there were several middle-of-the-night phone calls from the base's general that the system was not working. Fortunately, we were able to get the systems working.

My thoughts at the time centered around the following question: How can a great design with great contractors end up with something that doesn't work, especially with all the quality checks that are integrated into the process of design and construction on an Air Force project? Several decades later, it is easy to see that having quality-focused processes, procedures, and activities often does not mean you will achieve high quality on a consistent basis or for the long term.

I have also, unfortunately, witnessed and been directly affected by organizations that were clearly recognized as leaders in quality for their industries, but due to changes in them and their leadership, their quality departments were eliminated or downgraded to the point where the organizations themselves no longer drove from a quality perspective. These organizations went from the top in their industries for quality to near the bottom in a very short time, and then often took a decade or more to return to the top.

In addition, during my years in the field, I have read, followed, and implemented the key lessons from dozens of business and quality books. They all have great points, structures, and ideas, and they made me a much better manager and leader. However, there was always a gap between the business side and the quality side—primarily because, for many leaders, quality is a department or element of the organization, but it rarely comes up when discussing how to truly run and

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drive the organization. Leaders will often adopt quality approaches and tools, such as strategic quality planning, root cause analysis, Hoshin planning, or any number of others, but they will not address quality from the core of their business.

This is where *The Leader's Playbook* and the principle of Quality First comes in. To be clear, Quality First is not another quality process to add to your business. Quality First, in this book, is defined as "establishing quality at the very center of the organization and having it flow from and through the organization's core—its values and mission—so that quality provides a consistent foundation for all departments, individuals, initiatives, and projects in the organization to determine focus, execute their roles at the highest level, and continually improve how they operate."

There are many different things a company could consider to be "first." Maybe your company is in technology, and innovation is essential to you, or you are a manufacturer, and materials and supply chain are first. However, as you consider becoming and leading a Quality First organization, it is important to understand that Quality First must become the foundation of other initiatives and focus areas to be successful. Quality First will improve your strategic focus and tactical implementation by ensuring quality is truly integrated into the *what* and *how* of your organization—it becomes the natural way you operate instead of layers added to address issues caused when quality is not at your core. A good way to think about this is that in Quality First organizations, quality becomes a proactive and positive reality to which you are naturally drawn, versus the current state of many organizations where quality is seen as something very reactive—trying to find and resolve issues—and thus becomes something people want to avoid.

Let's look at an example of how having Quality First as your foundation applies to implementing new initiatives. One that is near and dear to me is sustainability. Say your company is just embarking on its sustainability and corporate social responsibility journey. By starting with and using Quality First, you already have clarity on a common language and approach to aligning your core values and mission to operations and continuous improvement. Bringing sustainability to this quality foundation simplifies and accelerates its successful integration into all your organization's operations, departments, and projects. Conversely, when not using Quality First, sustainability initiatives often focus on gathering data and creating reports and publications to get people excited but not on making real change. Thus, with Quality First as your sustainability foundation, you will have an immediate and long-term impact on your organization, community, and the environment.

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A final key element to remember about Quality First is that it is not necessarily a destination you reach but a journey of continually refining and improving as your organization grows and changes. Quality First provides you with the terminology and approach to place quality at the core of your organization, so it flows through every part of the enterprise. However, the specifics of how you define and ingrain Quality First into your organization will be unique to you, just as your organization is unique from all others.

I am excited that you are about to begin leading your organization to put Quality First. Like everything in life, it is not hard, but it also is not easy. As you read this book, please take time to consider how the key points and information in the text boxes and activities apply to you and your organization. If you can, form a small group to help you do this; a group provides the best and quickest way to gain insights and drive the needed change.

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Acknowledgments

So many individuals and organizations influenced me over the years and provided elements that ultimately became *The Leader's Playbook* and Quality First. All interactions provided diverse and essential insights, and I thank everyone who helped on this journey.

My mom and dad, Joan and Chuck Dorgan, have always been there to support and push me, and they were the ones who knew I could always do more. I can't tell you how my mom's congratulatory words after I spoke at a conference or training gave me the desire to do it again, even though I thought I did just OK—I miss her dearly. My dad has been my boss, mentor, and role model—from challenging me in high school with complex energy audits as part of his company to showing me that volunteering and giving back are just as important as the work you do—he continues to guide and support me.

My first leaders and bosses in the Air Force provided me with the ability to try new ideas and push the envelope on what was acceptable at the time; their faith in me, and giving me room to stumble and learn, gave me a great appreciation of leadership and organizations. Thank you to Colonel Don Meister, Captain Bob Gaias, and John Sabochick.

As the young leader of Dorgan Associates, I think I learned more from my employees than they could ever have learned from me. It is with them and through them that Quality First really began taking shape. These include the original three—Joy Altwies, Ian MacIntosh, and Svein Morner—along with Steve Leight, and, of course, the glue that held us all together, Mary Sue Quigley. Also, a special shout-out to Michael Savone, Sidney Parsons, and especially Chad Grindle—all men with hearts of gold who left us too soon.

I also want to thank Mike Hurst and Derek Glanvill for bringing me in as their new quality leader, where I was able to put Quality First to the test and hone it to what it is today. Their guidance, patience, and willingness to think outside the box allowed me to spread my wings and grow as a leader.

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I also owe incredible gratitude to Sue Klawans and Scott West, my original compadres in creating the Construction Quality Executives Council, which is now the Design and Construction Excellence Exchange (DCX) Quality Exchange. Their support, guidance, critiques, and extremely long conversations over dinner and drinks solidified Quality First concepts. A special remembrance for Scott West—he left this world way too early, and his legacy will live on through us all. I would also like to recognize the founding members for supporting this journey: Mike Clippinger, Bill Vandrovec, Peter Ukstins, Mike Stadjuhar, and Terry Brinkman, for their undying support of the organization and our journey, and Rodney Spencley, for being the true contrarian and keeping us honest.

Finally, I would like to thank my wife Christine and my children. Nicholas and Rachel. You give me all the love and support I will ever need. Being your husband and father fills me with joy, and I hope *The Leader's Playbook* makes the world a better place for us to cherish and enjoy with family and friends.

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Introduction

Through my personal Quality First journey, I have realized that quality cannot be driven by an individual or department. Quality is not a process, procedure, or checklist—these are only tools for achieving quality. In addition, especially for an organization's quality department, quality cannot only be focused on one primary aspect of the business, such as manufacturing or operations. For quality to truly be integral and add the immense value it potentially can to an organization, it must come from and be part of the organization's DNA.

Think about your own organization or other organizations that you admire—what drives them and what defines them? Inherently, organizations are defined and driven by their core values—those elements that are developed over time based on the actions and norms of individuals. Core values are not created by a group of people sitting around a table; rather, they come from the behaviors of the organization as a whole.

By starting with your organization's core values, which may need to be updated to reflect the reality of your organization (but more on that later in the book), and aligning and integrating quality, your entire organization can begin to plan, operate, and behave in a Quality First manner from and through your core values. Let's think about this a little before moving on. If your core values are just how you act, then starting with them and aligning quality at the core provides the framework whereby quality just becomes how you act.

This is the elegance and simplicity of Quality First—when it comes from your organization's core, it is not an additional layer or major change you need to add. You don't have to "become lean," earn your Black Belt, or even become an expert on control charts, fishbone diagrams, or Pareto charts. Though all these approaches and tools are useful and can help you improve, they do not address the fundamental issue: they are added onto an organization instead of being the organization. Many organizations out there have adopted lean, Six Sigma, and other approaches that have improved their functioning. However, because

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these approaches did not come from the core of the company, many of these organizations have also slid back due to a change of leadership, market downturns, and other occurrences that degraded or eliminated the initiatives. (See Appendix B.)

To best enable you to start, lead, and go through your Quality First journey, follow this primer (Figure 0.1). It consists of four foundational elements that form the basis of Quality First; one performance element, which is a result of implementing the foundational elements; and three catalysts that supercharge your Quality First journey, as well as the creation of a road map, the use of key tools, and the presence of engaged leadership.

This book is divided into three parts and appendices:

- *Part I: Foundational and Performance Elements.* At the heart of Quality First are four foundational elements—right, individual/collaboration, embedded verification, and continuous improvement—that form the basis of approaching and implementing Quality First from your core, along with one performance element (everyone benefits), which is the result of implementing the four foundational elements. A thorough understanding and internalization of these elements, both personally and within your organization, is required before you can start your journey.
- *Part II: Catalysts.* Three catalysts for Quality First are essential for the foundational elements to thrive in your organization. The first catalyst is "the power of once," which embeds the drive to do all work once throughout your organization. The second catalyst is "data intelligence," which uses data, data analytics, and business intelligence to utilize data and visualization to identify high-risk/high-opportunity areas for the foundational elements. The third catalyst is "knowledge snippets," which allows the right information to get to the right individuals at the right time so they can do their work right the first time—once.
- *Part III: Your Quality First Journey.* A road map always makes it easier to get to your destination, so this section provides you with a Quality First road map and timelines that have been proven to work and are easily adaptable to your organization.
- *Appendices: Quality First Examples.* The two appendices to the book contain Quality First examples and the value brought to organizations and industries.

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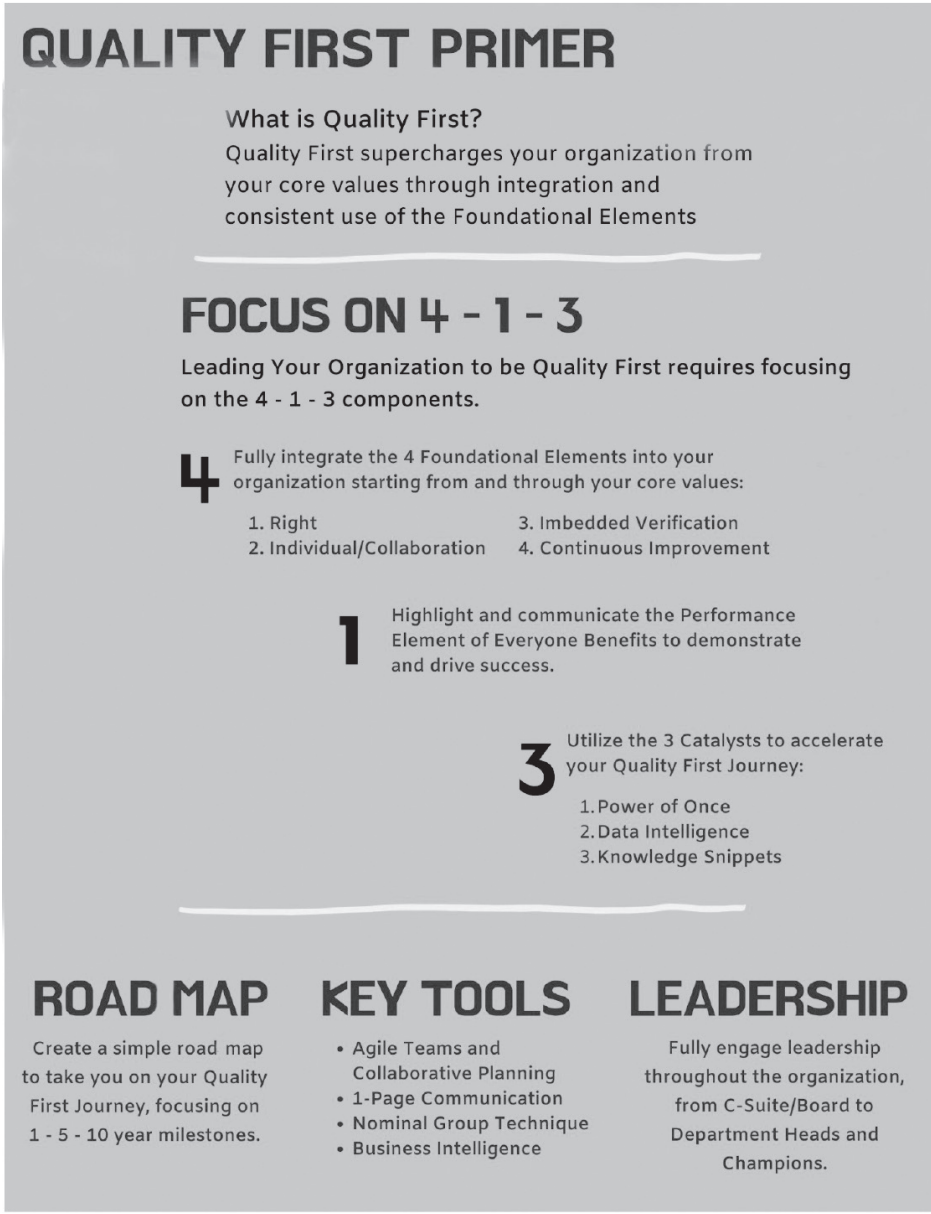


Figure 0.1 Quality First primer.

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Please remember that Quality First is a journey that comes from your organization's core and must be an integral part of any changes to that core, including strategic planning initiatives, mergers and acquisitions, and significant growth or reduction periods. Quality First not only improves each of these but also ultimately provides the initial framework and discussion for the constant change your organization undergoes.

Finally, as you embark on your Quality First journey, please make it *your* journey. Although I provide guidance, support, and insight along the way, as you will find from the second foundational element, we always focus on the individual. It is important that the terms used, the way they are implemented, and the way you continuously improve make sense to you and your organization. For example, if RT1 is not a term that resonates with your organization (see discussion in Chapter 3), use one that conveys the same concept but works for you.

Let your Quality First journey begin!

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Part I

Foundational and Performance Elements

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Chapter 1

Foundational Elements → Performance Element

If you are new to quality, and even for some of us who have 30 or more years working in quality, the terminology used and the varying number of approaches available are confusing, to say the least, if not downright dizzying. Given that most quality approaches and programs have been developed either for a specific purpose (such as the Toyota Production System—lean), for a specific industry (for example, Six Sigma—manufacturing), or even to fill a perceived void or need (for example, commissioning process—owner facilities), they have each developed their own catch-phrases and terminologies.

However, by simply stepping back from each of the quality approaches out there, it is possible to see clear alignment and consistencies that permeate all quality approaches—I call these *elements*, which are fundamental to this book's concepts. Though I admit this is another new term, it is probably the most important term and concept to learn, given that it truly forms the base for your organization to be the best it can be and supercharges everything you do.

There are two types of elements: foundational elements, which form the basis for all quality programs and are the focus of your Quality First journey, and a performance element, which is the result of integrating the foundational elements into your organization. These elements comprise a five-point framework, as shown in Figure 1.1.

- Foundational elements:
  1. Right ("RT1")
  2. Individual/collaboration
  3. Embedded verification
  4. Continuous improvement
- Performance element:
  1. Everyone benefits

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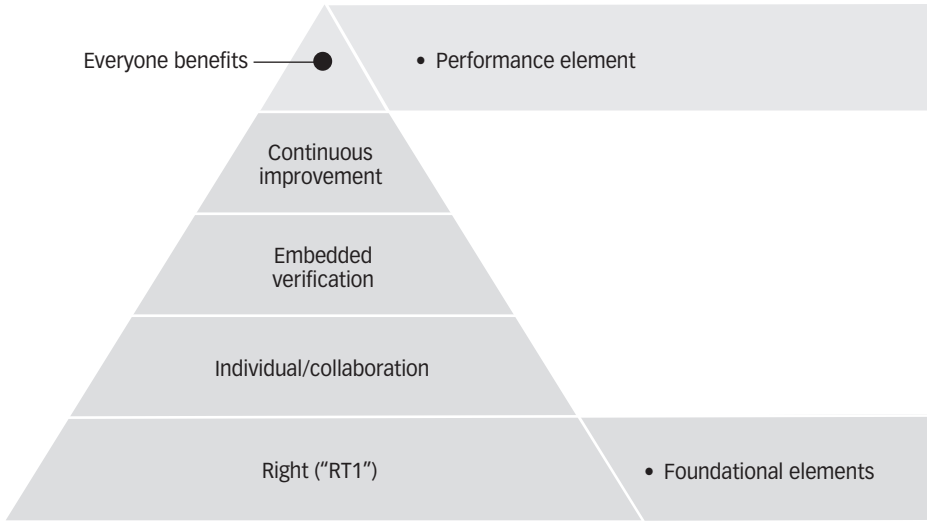


Figure 1.1 The five elements.

Let's look at each foundational element and the performance element.

Foundational Element 1: Right

The cornerstone of my Quality First concept is a fundamental element I reference throughout the book as "right." For the sake of clarity and to not confuse the word *right* with the foundational element, I will denote this element as "RT1" from this point forward. An easier way to understand and think about the first foundational element is to expand RT1 to be:

"How do we define and do RT1?"

In this context, *RT1* is about how to achieve an anticipated outcome or result as correct. This simple question is actually very challenging to answer and to keep in the forefront of everything you do in your organization. Yet it is also elegant, in that RT1 is an innate focus for all of us—we want to do our work right, whether the work direction is clear or not. There is a reason why RT1 is the first foundational element from both a quality and a cultural perspective, which is that doing work correctly transcends the quality process and management programs that have already been tried. While it may have been called something else, such as waste elimination, defect-free, reliability, zero incidents, or others, ultimately quality is striving to always do the work right once.

The reason RT1 is the first foundational element is that it focuses on knowing what the result is going to be across all aspects of the business and then working

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on how to get there, which is the "do right" part. Often, when looking at major failures within an organization, the root cause of the issue was not that the process was broken or that the people were trying to do something wrong, but that they never took the time to define what RT1 was and then use that as their guiding light.

By integrating RT1 (define and do) across all parts of the business, you establish clarity on, and an expectation of, empowering individuals to achieve RT1 in their work. This is the true power and beauty of RT1, in that the specific definition of what RT1 is varies from the organizational level to the departmental level, all the way down to the individual level. Just as each individual is unique, so is his or her understanding and focus on what is "right." That uniqueness, collectively, is what truly supercharges the organization, and there can be a hierarchy of RT1, with the lower-level RT1s often aligning with those at the organizational level. By being complementary to one another, it helps drive the organization's purpose and values more successfully (see Figure 1.2).

Organization

1. Achieve long-term positive results for our stakeholders.
2. Be a responsible member of the community we work in.
3. Continuously reduce our impact on the environment for future generations.

Human resources

- Maintain parity in all positions for all employees (Organization 1).
- Align workforce to that of the community where we work (Organization 2).

Sustainability

- Ensure the business does not harm the environment but rather regenerates it (Organization 3).
- Promote and welcome others to follow our lead (Organization 2).

Manufacturing

- Eliminate, redesign, or manage by-products of manufacturing to minimize environmental impact (Organization 3 and Sustainability 1).
- Promote continuous improvement on achieving best-in-class products (Organization 1).
- Work with local schools to provide internships for manufacturing skills (Organization 2).

Financial

- Maintain growth in top and bottom lines (Organization 1).
- Provide transparency of financials to employees (Human Resources 1).
- Performance rewards based on improving environment (Sustainability 1).

Figure 1.2 Example of an RT1 hierarchy.

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It is important for RT1 to entail making money and being successful—if a business does not do these things, it cannot continue to operate. However, if you define RT1 as only making money, you miss the opportunity to be the best version you could be—to be exceptional. By expanding and integrating discussions of RT1 throughout your organization, you begin to form the foundation for success—you define RT1 and then enable your people to do RT1.

To achieve this, it is important to verbalize RT1 and discuss it openly—it cannot be assumed everyone knows and is aligned with RT1. By integrating RT1 into the way you strategize, plan, and run your organization, you are taking the first step to Quality First and to supercharging your organization.

Foundational Element 2: Individual/Collaboration

Think about going to dinner at your favorite restaurant. You have just ordered your favorite meal and are looking forward to a great evening. As you relax and enjoy yourself, the meals around you are being served, and they look amazing. Then your meal is served, and it looks amazing, too. You cut into it, take your first bite, and instantly spit it out—the inside is ice cold.

Now, aside from ruining your night and likely getting you pretty mad, let's take a look at this ice-cold meal from a quality perspective. In preparing the ingredients and your meal, four or more individuals were likely involved. I'm an eternal optimist and truly believe that no one purposely tries to mess up and do wrong (see the first foundational element), so at the individual level, all individuals want to do their job correctly.

But when making a meal, what is RT1? Obviously, it is not making a frozen meal, but to "achieve" RT1, the kitchen staff may have had to:

- Transfer the food from the freezer to the refrigerator two days ago
- Remove the food from the refrigerator in the morning and start marinating it
- Season the food and put it in a pan to sear
- Put the pan in an oven to cook to temperature
- Verify the temperature before serving

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At each of these steps, an individual has to do his or her work right for the final product, your meal, to be RT1. In addition, along the way, a simple change or misstep results in issues—what if the thermometer is broken or misreads the temperature?

The crucial point is that individuals ultimately determine the level of quality achieved—either they get it right or they don't. Anyone else who is involved after their point of work can only identify issues or mistakes, not determine the quality achieved, for that was done by the individual. This point cannot be overemphasized because, unfortunately, many companies focus their efforts only on verification and inspection. Inspection finds the issues *after* they have been made, resulting in rework, not in avoiding the occurrence.

Individual/collaboration is a foundational element because once you understand and internalize that it is the individuals who determine the quality, your focus changes from a reactive one (finding mistakes) to an enabling one (how do I know that):

- The individual knows what RT1 is for his/her work.
- The individual has the information and knowledge to do RT1.
- The individual has the right tools and materials at the right time to do RT1.
- The individual can verify and communicate he/she did RT1 to the next individual.

However, individuals by themselves are islands. This is where collaboration, the other part of the second foundational element, comes in. Defining RT1 and making sure the appropriate information, tools, and materials are available to the individual at the correct time requires collaboration by many people. This is called many different things, such as planning, procurement, and training—but ultimately, it is collaboration around the individual that achieves success (Figure 1.3).

A good way to think about collaboration is to picture a dartboard, with the individual being the bullseye. There need to be many activities and people around the bullseye for that individual to be successful. All these parts come together when needed for the individual to do his/her job and coordinate with others. In addition, the individual is responsible, at a minimum, for coordinating and collaborating with the individuals upstream and the individuals downstream from his/her activity.

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Manufacturing. I think the most classic example of this interaction is in manufacturing, where there is a linear series of activities being accomplished.

- *Individual:* If we look at an individual on the line, he/she has to be trained to know what to do (what is RT1), to understand what the correct starting point is (what he/she is receiving), and what the correct end point is (what to deliver to the next person). Ultimately, even with this knowledge, it is still the individual who determines the quality that is delivered—it is either RT1, or it is not. This is why understanding and focusing on the individual is so important.
- *Collaboration:* I like using the manufacturing line as an example because you also quickly see that individuals must collaborate and rely on those around them to be able to do their job right. This could be interacting with different people, using visual cues to communicate, or having daily stand-up meetings as a team to discuss how they continually improve.

Building construction. A trade professional on a construction site—say, installing carpet—demonstrates where the work is not as linear and is often not repeatable, as compared to a manufacturing line.

- *Individual:* At the individual level, one must understand what RT1 is again, but that changes for every project and could vary from room to room with different materials or patterns. However, it is again up to the individual to actually do the work right—if it is not aligned correctly, terminated at the edges, and so on, it will be wrong.
- *Collaboration:* There is actually more than you think—the trades that pour the concrete floor have to use the right mix, finish it properly, and cure it properly. The floor must be flat and level and have the correct moisture content for the flooring to adhere to it. In addition, there is also coordination downstream for others to protect the flooring from damage from subsequent work so the carpeting remains RT1.

Figure 1.3 Examples of individual–collaboration interaction.

Foundational Element 3: Embedded Verification

Verification and inspection are at the heart of most quality programs, as they enable checking work against known standards or goals. However, a common challenge is that the focus and timing of these activities often results in finding issues after they have occurred, resulting in rework and increased waste. Think about the restaurant example, where the food was ice cold. In this situation, you were the person doing the verification after all the work was done—and you found that a major mistake had been made. The only way to fix this is to start the entire process over again.

Unfortunately, this is the approach many companies take—they use verification and inspection to find mistakes that have already been made, not to avoid them in the first place. This is where the third foundational element comes in: *embedded verification*.

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The difference with embedded verification is simply that it is accomplished by those doing the work when they do the work, relative to the definition of RT1 for the work. In a traditional sense, embedded verification uses and complements existing quality tools, such as visual controls, measurements, and poka-yoke, but it is intended to extend into all parts of the company—from human resources to procurement.

To understand embedded verification better, let's take a look at how the first two foundational elements relate to embedded verification.

- RT1: As should be clear by now, the first step in understanding RT1 is defining it. Therefore, once it has been defined, you can verify against it. Depending on the criticality of an item, this verification could range from a couple of questions to an extremely detailed checklist (for example, a preflight checklist for a pilot).
- Individual/Collaboration: Because the individual is the one who determines the quality achieved, that person needs to know what RT1 is and document that he/she has achieved it. It is also important to communicate to those upstream if issues are found (the previous individual may need to change) and to those downstream (to show the work was done right).

Therefore, *embedded verification* occurs as a result of the individual's effort and is clearly communicated with the larger group (collaboration) (see Figure 1.4). Ideally, embedded verification is accomplished in a three-step (Triple A) process: alignment, accomplish, and acknowledge.

1. **A**lignment on RT1: Before doing the work, the individual (and team) align around what RT1 is and how it will be documented. For repeated activities, this is often documented in a checklist or procedure to which the individual is trained and oriented. For one-time activities that are not repeatable, the process may be less formal, but it still needs to be discussed, and criteria should be documented.
2. **A**ccomplish Work: Upon understanding RT1 and how the individual will document the work, the individual completes the task. The concept is similar to taking a practice test in school—you understand what you will be graded on, so you will perform better. When you don't understand what success is, you often don't achieve it.
3. **A**cknowledge RT1: After the work is completed, the individual who did the work reviews the criteria and documents that it was done correctly. Again, depending on the criticality of the activity, the level of documentation could vary from a simple electronic checkbox to a signature on a card to requiring precise measurements and documentation.

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Human resources

- Key item list to check before sending offer letter for new employee.
- Call checklist to verify issue was resolved (or what to do if not).

Financial

- Expense report automatically verifies attached receipts.
- Individual answers two or three questions before submitting his/her expense report.

Barista

- Repeat order after written on cup.
- Repeat order when delivered to customer.

Figure 1.4 Examples of embedded verification.

The focus, goal, and intent of embedded verification are to ensure these are just things the individual does as part of his/her job that become habits, so no one passes on work that is not RT1. While the hope is that you can eliminate, or at least minimize, the need for third-party/postproduction verification or inspections, in reality, you want a constant balance. Ultimately, I have found that the more you drive embedded verification to the individual, the less onerous the traditional inspections become. However, whole industries have been built on finding problems. If there are no problems, they are still incentivized to find them. Be aware of this as you journey to Quality First and make sure you instead adopt embedded verification.

Foundational Element 4: Continuous Improvement

Every quality program is grounded in *continuous improvement.* This is called many different things with varying levels of robustness and structure to them, but fundamentally: if you don't improve how you do something every day, it is not a quality process. Continuous improvement is not easy, because it is never-ending. The vast majority of businesses and management professionals prefer to approach improvement in a stepwise fashion. They focus on a process, improve it, and then wait for a period of time, often a substantial one, before addressing it again. The problem with stepwise improvement is that even when you improve it, there is always an opportunity to improve it more.

Put another way, nothing is ever perfect. One industry that epitomizes continuous improvement is computer chip manufacturing. At their core, these manufacturers understand that they follow Moore's Law; if they do not continually push themselves and find a better way to design and manufacture their chips, someone else will do so, and they will not be in business long (see Figure 1.5).

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Moore's Law is an empirical relationship based on the fact that every two years, the number of transistors doubled on an integrated circuit board. The same trend has been found in computer storage, bandwidth speed, and solar cell capacity.

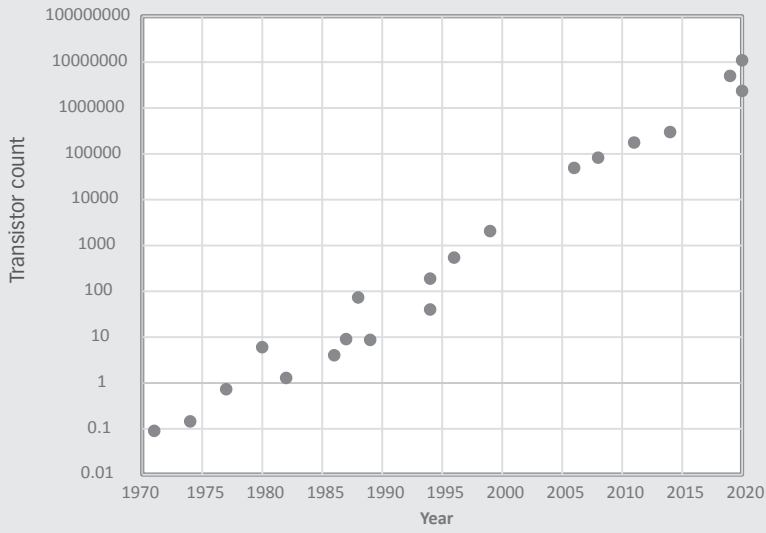


Figure 1.5 Moore's Law.

Moore's Law has been shown to work in almost any industry, in that the natural improvement of something has a factor of two every two years—which could be that something becomes twice as fast or half as expensive.

Therefore, if we can truly achieve continuous improvement in everything we do, it should generally follow Moore's Law of doubling (or halving) every two years. Now, I know you are thinking: My business is not making computer chips and cannot in any way follow this same trend!

My answer is: It can, but you need to approach improvement continuously—something that every person and every team discusses and does every day. Implementing what is highlighted by Paul Akers in his book *2 Second Lean: How to Grow People and Build a Fun Lean Culture at Work & Home* (Akers 2011) is a great option. While there is a lot of detail in his book, from its title you can tell that its focus is on improving what you do every day by two seconds.

The application of continuous improvement is pretty easy—the challenging part is to do it every day with focus and purpose. Failures to continuously improve typically result from a lack of consistency (daily) or follow-through (seeing long-

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term results). Therefore, continuous improvement in Quality First means to accomplish quick daily meetings/stand-ups that:

- Review what you were going to improve yesterday—did it work or not, and what was learned?
- Identify what you are going to improve today.

These daily meetings/stand-ups should be done at the team level, with each individual participating, and the entire meeting taking no more than 10 or 15 minutes. Periodically, it is important to pause and discuss continuous improvement in a broader context and identify the value to the individual and the team—whether that's money saved, avoided time spent, waste elimination, or other. These periodic pauses provide ongoing motivation for the daily meetings and continued improvement.

A quick note: Continuous improvement is accomplished by everyone in the organization, which goes back to the individual foundational element—it is the individuals who determine quality, and they are also the ones who improve. Therefore, the only way to improve continuously is to make the individuals responsible. This does not supplant the larger process improvement initiatives and formal continuous improvement frameworks; it actually makes them more powerful, because even after the process improvement, you know it's not just a step improvement, and it will be continually improved upon through execution, due to your continuous improvement culture.

Performance Element: Everyone Benefits

While looking at the foundational elements, you should begin to see an interconnection between them and understand that they all need to work together to be successful. If there is degradation in one of the foundational elements, they all suffer. Figure 1.6 provides an example of how they are interconnected.

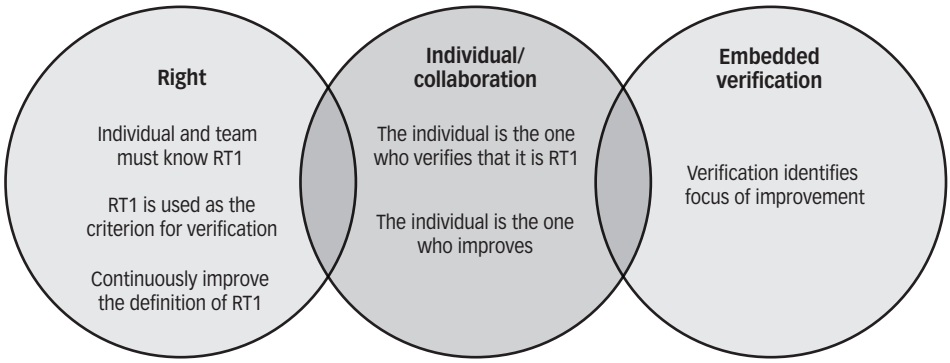


Figure 1.6 Interconnection of the foundational elements.

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When you fully integrate the foundational elements into the way you operate, the results will be substantial and very positive, with the four foundational elements achieving the performance element of *everyone benefits.* However, it is important to explicitly focus on making sure everyone benefits to achieve the true potential of Quality First. With this type of focus, you ensure that Quality First remains broad and includes all stakeholders—internal to internal, and internal to external.

Given that the value of making sure everyone benefits comes from the foundational elements, here are some simple examples of benefits achieved through the different foundational elements:

- RT1: Clearly defining and communicating RT1 throughout the organization and projects helps maintain focus on the key outcomes and aids in the transparency of expectations and results. By keeping the commonly understood definition of RT1, misunderstandings are reduced and discussions shift to achievement versus blocking.
- Individual/collaboration: Individuals determine quality, yet they need the collaboration of others to streamline planning, simplify hand-off points, and empower the individual to execute RT1.
- Embedded verification: This is probably where the greatest value is gained, because the individual knows what is the right thing to do and verifies RT1 for his/her work. This eliminates the potential for rework and mistakes—which are typically between 20 and 30 percent in even the best processes. When issues arise, embedded verification allows for quick remediation and adaptation to avoid future issues.
- Continuous improvement: Truly continuous improvement is a game changer for any organization and empowers individuals to improve what they do every day. Their work becomes easier and more enjoyable, which leads to a better quality of life.

Ensuring that everyone benefits requires some level of focus and attention from leadership—it cannot be assumed or ignored. When Quality First is fully ingrained in your organization and everything is working, there is a tendency for leaders and others to become complacent and forget why it is working so well. This has, unfortunately, happened in too many organizations to count; an established quality culture can change, almost overnight, due to a significant change in leadership. In most cases, the new leader does not understand the need to do something (daily stand-ups, for example) and just eliminates it. Put another way, the organization has many of the Quality First elements, but it has not become Quality First from its core.

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It's sometimes hard to see the broader value of Quality First in a single organization. As part of creating and refining Quality First over the past decade, I was fortunate to work with quality peers in the construction industry, where we adopted and internalized the foundational elements into our companies. The results are dramatic when comparing those following Quality First to other companies in the industry (see Figure 1.7).

As I said previously, once you compromise one element, you compromise them all, and you are no longer Quality First. Therefore, the value of focusing on ensuring that everyone benefits is that it provides the data, information, and storytelling within the organization that help protect, maintain, and drive the foundational elements. Although this may seem a bit self-serving, remember that past organizations that lost their focus went from being leaders in their industries to dropping to the bottom of the pack in about a year. It then takes about a decade to recover from such an experience and get back to the top (see the manufacturing example in Appendix B).

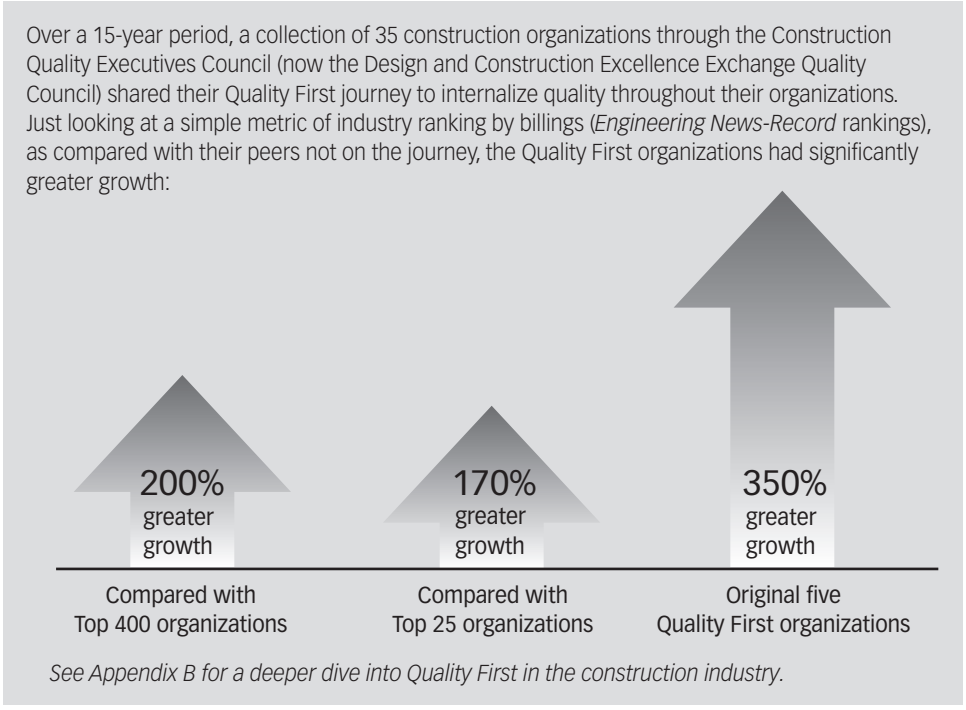


Figure 1.7 A snapshot of Quality First construction organizations.

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There are multiple ways to document how everyone benefits, and many of these are likely already common practice in your organization. The key is to ensure that someone is consolidating the results and providing a formal summary each year to senior leadership and all individuals. Some opportunities to document this include:

- Surveys. Simply asking for feedback from your employees, customers, suppliers, and other stakeholders provides you with an understanding of what is working and what is not working. Specific questions about each foundational element can gauge your journey on the Quality First path.
- Industry rankings. Using industry rankings is another great metric (see Figure 1.7). This can range from revenue to the best places to work. Typically, the more third-party the evaluation, the greater the value.
- Employee performance plans. Integrating a discussion into each employee's performance review is a great way to get immediate feedback at the individual level. At a minimum, this should include a discussion of how the employee continuously improved throughout the year and the value he/she and the organization received from the improvement.
- Business intelligence. Using business intelligence on your internal systems to identify, visualize, and track trends relevant to the foundational elements can be beneficial.

Good or bad, there is not one way to identify and communicate how everyone benefits in your organization. The keys are to have a program to address it and to discuss it at all levels in the organization, including the boardroom.

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Chapter 2
Driving Value

Before taking a closer look at each foundational element and how to integrate it into your organization, it is important to understand the value proposition of achieving Quality First in your organization. "Value" is composed of a definition portion and a driving portion—both of which need to work together to produce value. The power of Quality First is that the foundational elements set the groundwork for having the proper discussions required at all levels of the organization to engage in a common language for value, purpose, and direction. However, the actual definition and driving of value will vary based on your business segment and purpose.

Defining Value

In any organization, both direct and indirect types of value are produced. While most organizations understand and focus on direct value—such as goods produced, stock price, or employee turnover—it is just as important, if not more important, to include indirect value, which is often much harder to measure. This could include stakeholder satisfaction, employee wellness, or product life-cycle impact.

Obviously, to drive value, it is best to first define and understand what the value is. Starting with the foundational elements provides the common language and reduces duplicative efforts. The best way is to start with how the organization or a segment of the organization has documented what is RT1 for them relative to the first foundational element, because this typically encompasses a good deal of value statements within it.

To define value from an RT1 statement, you can utilize a 5-W approach, which is similar to the root cause tool of 5 Whys, used to understand why something did

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not work—but with a twist. The 5-W approach asks five questions based on "W" relative to value in order to frame the value; the questions allow the organization or segment to get clarity on the values that can be driven through achieving RT1. The 5-Ws are:

1. **W**hat happens when RT1 is achieved?
2. **W**hy is this important?
3. **W**ho benefits?
4. **W**hen is the value generated?
5. **W**ays to improve the value?

The order in which the W questions are answered does not matter; they just need to be discussed and answered. I recommend that the 5-W discussion be incorporated into the creation of your RT1 statements, because it will enable a deeper understanding and commitment by those involved, as well as provide an improved way to communicate to others the value of RT1.

W-1: What Happens When RT1 Is Achieved?

Typically, when RT1 is achieved, there are multiple benefits to the organization and the broader stakeholder group, including direct and indirect benefits. There may also be some potential real or perceived negative items, such as the decrease in need for personnel due to improved efficiencies. These should also be documented and discussed to provide understanding and an opportunity to address issues throughout the process, not after the impact has occurred.

W-2: Why Is This Important?

The second question to dive into is why it is important to achieve RT1; or, put another way, what happens if RT1 is not achieved? This may or may not be the opposite of what was determined during the W-1 stage, as the consequences could be much larger, such as going out of business or losing significant market share.

I recommend that you ask "Why" a couple of times to "peel the onion back" a bit and break through some of the unfounded assumptions you may hold. For example, if you state that it is important because "RT1 provides an opportunity to a marginalized community," then the next question would be "Why is that important?" This is the classic 5 Whys approach, embedded in your value discussion.

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W-3: Who Benefits?

Understanding who benefits, or who is potentially affected, is important as we address the broader stakeholder group within the value discussion. When identifying who, it is best to look at these categories:

- Employees
- Shareholders
- Customers
- Supply chain
- Local community
- Broader community

W-4: When Is the Value Generated?

This W question will probably be one of the harder ones to answer, because it is often very fluid when true value is generated. While making a part and selling it provides "initial value" to the organization, it is not the total value because you are not accounting for returns, warranty issues, or even end-of-life disposal by the person who bought the product.

It is important to include a timeline approach to the "when" discussion, where you cover the life cycle of RT1 and value, at least as a starting point. There will be many discussions that only reveal immediate value. However, you'll be surprised by how often you discover many hidden values in the timeline that no one had ever considered.

The benefit of this timeline approach is that you can understand and potentially reap greater value by extending the timeline of your focus. This is especially true as organizations move into a circular economy approach, with some organizations now leasing their products so they retain the raw material value within their control. This shifts the value proposition from selling the product to selling, recovering, and reusing the materials in the product; while this could be a 10-year or longer cycle, the value propositions are often easily 3 to 10 times of just selling the product.

W-5: Ways to Improve the Value?

The final W question asks you to discuss how to improve the value achieved. This is intended to be the bridge between defining and driving value, as it begins the continuous improvement loop on achieving and improving upon RT1 and the subsequent value.

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Given that the definition of value is so varied, examples of ways to improve value will be just as varied. A few questions to consider discussing are:

- What are reasonable one-year and five-year value targets?
- Is there a limit to the value that can be achieved?
- How can we accelerate value?
- What are the limiters to achieving value?
- Which values are complementary?

Driving Value

Once RT1 and value have been defined and understood, we then shift to driving value. This is where the second foundational element comes in—focus on the individual and collaboration to drive and achieve RT1 and value.

Ultimately, value is generated and determined at the individual level, and just like the broader focus on quality, collaboration between individuals is required to maximize that value. Therefore, to drive value through the individual, we need to address communicating, tracking, continually improving, and providing recognition of the value produced.

Communicating

Communicating could be called gaining alignment, understanding, or even commitment from the individual on what RT1 is and what the value of achieving it is. As RT1 and value go hand in hand, including value in the discussion is one of the best ways to gain commitment from individuals to do right, as they begin to see and understand that there is direct value to them.

The biggest challenge in communicating RT1 and value is that it is hard to do, and for the majority of what we do, we overcomplicate the message. It often becomes more about value to others versus value to the individual. When creating messaging on value, it's important to remain in the first person and be able to answer the traditional "What is in it for me?"

The answer does not need to be complicated or grandiose, but it does need to be personal whenever possible. A best practice that I have found to be highly effective is to focus on the conversation versus on me presenting a bulleted list of items that I think constitute the value. The conversation could encompass:

- Let's look at XXX RT1—what does this mean to you?
- If you do not achieve XXX RT1, how does this directly affect you?
- If you do not achieve XXX RT1, how does this affect others?
- OK, what is the value of you achieving XXX RT1?

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Throughout this discussion, you will find what concerns the individual, but you will also get these individuals to directly define their personal value of doing RT1. Therefore, the key to communication is that it is an ongoing process, done by individuals with other individuals. The fact that the conversations are happening is more important than the details of the conversations.

Tracking

The old adage that if you don't measure it, it won't improve is true when driving value. The challenge with tracking value is that the effort to track it cannot outweigh the value gained.

Avoiding metric and tracking overload requires discipline and limiting what is tracked. A good guideline to follow is to limit metrics to no more than three per business segment, which should roll up to no more than one or two for each organizational level of RT1. This is challenging, as leaders love metrics and numbers to run their organizations; however, I find that the more metrics you have, the less effective they become. By limiting the number of metrics you observe, you can find a deeper understanding of the data and the metrics, thus providing a greater impact on operations and improvement.

Additional guidance on tracking is given in Chapters 8-10.

Continually Improving

Once you have a metric and can track it, you can continually improve your performance vis-à-vis the metric. To be successful, this needs to be reasonable and achievable. By reasonable, I mean that the rate of improvement over a specified period is something your team members can look at and easily say "Yes, we can do that." To be achievable, this is the end goal of improvement over the period; again, individuals can see that over a one-, three-, or five-year period, they can reach the goal.

Visually showing the metrics and trends is recommended, and it should include any degradation in improving value. Of course, it is important to address any degradation and not have it continue, but it is OK and natural to have setbacks in anything we do.

As is covered in greater detail in Chapter 4 on the individual/collaboration foundational element, having daily, small, continuous improvements will be the best way to implement tracking.

Recognition

The last item to drive value is to recognize that value has been gained. This can be formal recognition through celebrations, performance plans, bonuses, and promotions. It can also be informal through a thank-you or email message or as a discussion item during meetings.

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What is important is that recognition is given. Without recognition, individuals and groups will think, "Why should I do anything when no one notices?" and they will begin to act on that thought. Recognition is the ongoing focus on RT1 and value, and recognizing the improvement will keep your teams engaged and continually improving.

Value Examples

Every part of an organization improves how employees plan and execute their work when they become Quality First, which includes the C-suite/executive level that focuses on and discusses the identification and driving of value throughout the organization and understands that how it flows through the organization will vary. For illustration purposes, we'll look at examples in areas such as operations, finance, human resources, social responsibility, safety, and information technology to provide a better understanding and context to defining and driving value.

Operations

In looking at operations for an organization, many times RT1 is focused on how productions are improved and waste is minimized. For this example, let's let RT1 be defined generically as "continuous improvement in achieving best-in-class products." The 5-Ws:

1. What: We maintain leading-edge products that have the highest level of quality, while always improving the processes to make the products.
2. Why: Stagnation kills a product and an organization—by combining the focus on continuous improvement and best in class, balance is achieved between the needs of the consumer and the ability to produce.
3. Who: The consumer benefits from higher-quality products that meet their needs, and the organization benefits through streamlining of processes and continual improvement of production by eliminating waste and rework.
4. When: The value is created throughout the entire life cycle, including minimization of waste, higher quality with lower recall/warranty rates, and improved consumer satisfaction.
5. Ways: Value can be improved by aligning and including the voice of each key stakeholder, including the consumer, designer, supplier, and manufacturer.

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Value of RT1 Statement: By continuously improving our best-in-class products, all stakeholders benefit through alignment on purpose, reduction of production costs through streamlining of processes and eliminating waste and rework, and minimization of recalls and warranty requests.

Finances

For the financial health of an organization, RT1 can be described as "maintaining growth in the top and bottom lines." The 5-Ws:

1. What: When the top line of the organization is improved, more revenue is generated by the organization; when the bottom line of the organization is improved, the effort (overhead) required to create profit is decreased.
2. Why: It is important to focus on both top and bottom lines because there is a synergy between them—if the bottom line is too high, there is no capital to invest in the organization and its people, yet the top line needs to be high enough to support both the bottom line and growth.
3. Who: The organization benefits by having greater financial flexibility, the shareholders benefit with better returns on investment, and the employees benefit with greater benefits and bonuses.
4. When: Value is created in both the short and long terms.
5. Ways: Value can be improved through a continual focus on balancing the top and bottom lines based on current conditions and future trends.

Value of RT1: Through a balance and focus on the top line of the organization and the efforts required to generate that (overhead), there is improved value for the organization, shareholders, and employees by having sufficient equity for growth and investing in the organization's people.

Human Resources

There are many ways to define RT1 for human resources. Consider defining RT1 as "maintaining parity in all positions for all employees." The 5-Ws:

1. What: With parity, opportunity, pay, and benefits are equal for everyone at every level.
2. Why: This is important because there will be no actual or perceived gaps between individuals based on anything except objective performance.
3. Who: The organization and individuals benefit because the organization will attract the best and brightest, and individuals will benefit knowing that they are treated equally and fairly.

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4. When: The value is generated every day by eliminating tension and disproportion between individuals and groups.
5. Ways: Value can be improved through greater transparency and open discussion.

Value of RT1: Parity between groups and individuals at all levels of the organization provides for equal opportunity, benefits, and pay, and removes actual and perceived barriers and gaps, making for an inclusive and vibrant community.

Social Responsibility

Social responsibility can span from the environment to interacting with the community around you. For this example, let's look at RT1 being "our business does not harm the environment; it regenerates it." The 5-Ws:

1. What: Every aspect of the business contributes to regenerating the environment.
2. Why: With limited natural resources and the continual degradation of the environment worldwide, actually regenerating the environment helps to turn the tide.
3. Who: Everyone benefits, yet by driving regeneration and circularity, organizations have been found to be more profitable and resilient compared with others.
4. When: Value can be immediate, but most is long term, especially on a community and global scale.
5. Ways: Addressing and continually changing processes to become more regenerative.

Value of RT1: By transforming the organization to be regenerative, we will directly contribute to turning the tide on the long-term damage done by humankind on the environment and will make our organization more profitable and resilient to future challenges.

Safety

Safety is more than just preventing people from getting hurt. RT1 for safety can be "we improve the wellness of our employees and visitors." The 5-Ws:

1. What: By improving the wellness of everyone, work becomes someplace you want to be because you are improving yourself, not just avoiding being hurt.

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2. Why: There are many stressors on our workers and visitors—by addressing these and minimizing or eliminating them, the wellness of individuals is improved, making them more productive and valuable to the organization.
3. Who: Anyone who interacts with the organization can be affected, and those who are more directly linked will have greater improvement.
4. When: The value is both short and long term, with short term being from a single visit and long term being changed lifestyles and behaviors.
5. Ways: Continually evaluating products, systems, and food consumed in the organization to improve the wellness of both employees and visitors.

Value of RT1: By focusing on improving the wellness of our employees and visitors, we produce an environment they want to be in, which results in greater productivity and resources for the organization and long-term individual benefits to our employees.

Information Technology

When looking at RT1 in relation to the information technology of an organization, a good focus can be that "technology enhances the work experience." The 5-Ws:

1. What: By focusing RT1 on enhancing the work experience, it extends the discussion to actually using the technology.
2. Why: Technology only brings value when it is fully utilized and avoids adopting technology for technology's sake.
3. Who: The individual user becomes more productive and is enabled to maximize the value of the technology investment.
4. When: There are immediate and long-term values.
5. Ways: Incorporate continuous feedback loops on the technology, including the use of key performance indicators on the technology's success.

Value of RT1: Technology is right for the organization when it enhances the work experience of all individuals so they understand its use and purpose and can be fully productive.

In the next chapter, we'll dive into the first foundational element—RT1.

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Chapter 3

Foundational Element 1: Right ("RT1")

As we begin to take an in-depth look into each foundational element, it is important to remember the context of the five elements and that RT1 is the first foundational element, as it sets the groundwork and definition of success for the remaining four. It is also one of the hardest to tackle, as many people feel they know what RT1 is and will do it, even if the definition is unclear.

As you begin your journey using the RT1 foundational element, remember that it is a journey and not a destination. What is defined as RT1 can always be improved upon and will always be changing throughout a project, as well as over time. Being flexible and adaptable to the journey is what will make it successful for you, your teams, and your organization.

Importance to Quality First

To make your organization Quality First, you must start with a discussion and the definition of RT1 for your organization because this sets or reaffirms the direction in which you are going and provides a common vernacular for everyone to use. As Quality First comes from and is core to your organization, having clarity and alignment on what RT1 is enables the start of your Quality First transformation.

Therefore, as you work your way through this chapter, take notes on how you will define and do RT1 throughout your organization and begin to engage others in the discussion as your first step to Quality First.

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Defining RT1

Defining RT1 needs to become a standard practice and discussion within your organization at all levels. To be successful, RT1 must flow from your organization's core values, given that those values already define RT1 for your organization. However, unlike your core values, which typically stay at the organizational level, RT1 must be adapted and translated for each department, segment, and project to make it meaningful and addressable by the individuals doing the work.

To be clear, RT1 at the department level flows from and aligns with RT1 at the organizational level—it just includes more succinct and clear statements of RT1 for the department that will make sense to those doing the work. RT1 at the department, segment, or project level is a way to continually discuss achieving and living your organization's core values, without having to say it. Most people don't say they are going to actively talk about the organization's core values and how we meet them—everyone just assumes we do. By continually defining RT1, we bring the core value discussion into an executable format that everyone can support.

Start with the Organization

As Patrick Lencioni (2012) covers expertly in his book *The Advantage,* it is essential to have clarity on the organization and the development of core values and strategic anchors that healthy organizations will work from in order to thrive. What I like most about Lencioni's approach is getting to a limited number of clear and real core values and strategic anchors. More importantly, it is not about creating core values out of thin air but rather going through a process to discover them. Put another way, every organization has inherent values that have developed over time, but often they are not written down or discussed; they are just there. By taking time to discover them and making them real—in words that ring true to those in the organization, where they can say "Yes, this is who we are"—you have the best foundation on which to begin your RT1 discussion.

However, even if you don't have clarity on your core values, which is likely when you have a long list of values (typically more than three to five), the RT1 discussion at the organizational level will help clarify which values are core to your organization and how to consolidate and streamline your communication of them to your organization. To define what RT1 is for your organization, you should accomplish three levels of discussion:

1. Core values
2. RT1 categories
3. RT1 statements

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Core Values

For each of your core values, you need to have an RT1 discussion—meaning you must identify how, when, or why the core value is RT1 for the organization. There is no correct answer; it is the discussion and discovery that is important here.

When we look at the core values listed for the *Fortune 500* companies, there is commonality across a large majority of them. The top 10 core values across all these companies are shown in Table 3.1.

I see all these values as very important for a successful organization, but I'm not sure if they are really at the core value level. However, as your organization may have a very similar core value list, this is a great example of how to start your RT1 discussion. Because this should be a discussion, bringing together a diverse group of people from across your organization and stakeholders (internal and external) will provide you with the best insight and value on defining RT1. Obviously, the size and scope of the group will vary based on company size, but it is important that you get sufficient representation from:

- Levels—from the board level to hourly workers, all are important
- Departments—from each key department
- Stakeholders—including key external advisers for their insight and perspective
- Geographic—from different geographic regions, which for a small organization could include several units in the same city

Core value	Percentage of companies
Integrity	52
Customer focus	41
Excellence	32
Teamwork focus	28
Employee focus	22
Innovation	21
Respect	21
Responsibility	17
Safety	17
Diversity	14

Table 3.1 The Top 10 core values across all *Fortune 500* companies.

Source: http://blog.panictank.net/core-values-fortune-500-companies/

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The Nominal Group Technique

One of the most effective brainstorming tools that I have used for more than 30 years is the nominal group technique (NGT); it is simple to use, gets maximum participation from everyone in the room, and helps eliminate groupthink or having one person drive the discussion/solutions (Delbecq 1975). The NGT is a four-step process, led by a facilitator, that will allow you to quickly get to a definition of RT1 for each core value. Note that the more core values you have, the longer this can take. You cannot shortcut this step by combining or eliminating core values; you must get through each one. The steps are:

1. Brainstorming
2. Discussing
3. Voting
4. Summarizing

Upon completing the core value NGT workshop, you can then discuss the need to change, consolidate, or eliminate any of your existing core values.

Facilitator

In successful NGT workshops, there are two facilitators who manage the workshop and report the results. Ideally, the facilitators are from the organization but not actively participating in the workshop—they are truly facilitating the discussion.

There is a lead facilitator and a documenting facilitator. The lead facilitator is the one in front of the group, asking the questions, recording short responses, and keeping the discussion moving. This person needs to be good at engaging the group, limiting discussion to one person at a time, and quickly summarizing what he/she hears.

The documenting facilitator is typically in the back of the room on a computer capturing the results of the workshop, including the information presented by the lead facilitator to the group, as well as summarizing the discussion by the group.

Brainstorming

The brainstorming portion of the NGT is quite simple: the lead facilitator asks each of the participants to take five minutes to silently write down their definition of RT1 for one of your core values (see Figure 3.1). There are no good or bad answers—just each person's perspective. As general guidance, I ask the participants to be succinct in their answers and not provide sentence-level detail; answers should be one to three words.

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Core value _____

Please describe how you define RT1 for this core value.

_____

_____

_____

_____

_____

_____

_____

Figure 3.1 Core value RT1 brainstorming.

After everyone has had time to put their thoughts on paper, the lead facilitator needs to record the responses for all to see. The only rule during the recording of responses is that there is no discussion. As soon as one participant says, "That was a dumb idea," the other person is less likely to share more. Therefore, the role of the lead facilitator is to go around the room, one by one, and record one item from each participant. I like to use flip charts because they provide an easy way to see and move around as the sessions proceed. Once you get through all participants, start over for their second response, then the third, and so on. For a smooth execution of this phase of the NGT, it is best practice to:

- Use the round-robin approach to collecting responses—only one answer from a person at a time.
- Don't worry about repeats—it is more important to get responses than to consolidate.
- Reply to participants what you are writing—often, you will summarize their response for clarity. It is OK to ask, "When you say X, does this mean Y?"
- If someone does not have anything more to contribute, he/she can say "Pass."
- After a couple of round robins, when you are getting a lot of passes, just open it up for any remaining ideas.
- Number each response to make the discussion and voting go more quickly.

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Discussing

Even on a simple topic such as a core value, I find that you can easily have 30 to 50 responses. However, due to the no-talking rule when recording responses, not everyone in the room may clearly understand what each person meant by each response. Therefore, the second step in the NGT is to discuss each response.

The lead facilitator's role in the discussion phase is to play dumb and simply ask the group for each response, "What did you mean by X?" It is not required that the person who provided the item give a response but that the entire group has the same understanding of what X means. The discussion phase is also when you have the opportunity to consolidate items, especially for repeated items. It is important, however, to cross-reference items rather than delete them. For example, if #3 and #15 are determined to be the same, simply put a note saying "See #3" next to #15.

As mentioned previously, during the discussion, the documenting facilitator is in the back of the room recording the items and the discussion. After the brainstorming session, a detailed report of priority items and their meaning can be created easily and quickly.

Voting

Once everyone understands and is aligned on what each response means, the next step in NGT is to have each individual vote for the top five items. To get good results on voting, it is important that the participants use the following process:

1. Items of interest: On a piece of paper, individuals will go through the entire list of items and identify those that interest them (see Figure 3.2). These lists need to have at least five items but can have as many as they feel are relevant. The intent of this step is to reduce the large list to a smaller list they can focus on.
2. Reduce to five: The second step is to take their interest lists and reduce them to five items. Individuals can use whatever process or approach they would like; they just need to reduce to their top five.
3. Rank the top five: The final step is to rank their top five using the following approach:
    a. Choose their first choice.
    b. Choose their fifth choice.
    c. Choose their second choice.
    d. Determine their third and fourth choices in any manner.

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1. Please review all responses and list those of interest here (use #s)

_____

_____

_____

2. From the list in question 1, reduce to only five items, no order

_____

3. Rank order your top five items by:
   a. Choose 1st choice
   b. Choose 5th choice
   c. Choose 2nd choice
   d. Determine 3rd and 4th choices

Rank	Item #
1	
2	
3	
4	
5	

Figure 3.2 Core value voting.

This approach to voting has been proven to be much more effective than just rank-ordering five items from the overall list, and it will provide you with sound results.

For determining the overall rank of the entire list, the documenting facilitator tallies up the individual votes, with the first rank item getting five points, the second four points, and so on. Obviously, a spreadsheet can be used to do this quickly.

Summarizing

The final step in the NGT is to summarize the results for the participants by sharing the voting results immediately and, in the longer term, by sharing a report on the workshop.

Beyond the immediate ranking of items, it is important to look at the details of rankings by the various groups that participated. The two that I typically focus on are level in the organization and geography. By taking the rankings and grouping by these two categories, you can quickly identify differences in priorities between the groups.

It is important to specifically look for items where one group ranked the item high and the other group ranked it low or not at all.

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So, is one group right and one group wrong? No, as the purpose of the NGT is to get diverse inputs and perspectives. One of the greatest benefits of using the NGT is that you quickly identify these differences between groups, so they can be surfaced, discussed, and understood. Think of it this way: the differences will eventually surface as conflict or animosity in the broader group, as they don't understand why something that is important to them is not important to others.

Through this process of analysis and discovery, you have the opportunity to gain greater alignment and understanding simply by showing the group the results and asking why an item was important or not. I have found it does not change anyone's ranking or the overall ranking, but everyone better understands each other's perspective; in the end, participants become more committed to the overall group's ranking and not an individual's or subgroup's ranking.

Core Value Discussion

The final step in the brainstorming process, after a workshop has been done on each core value, is to take a step back and review all core values again. Often, what you will find is that several of your core values are similar or redundant and can be combined, or you will find that some core values no longer belong or don't truly fit your organization.

To have this discussion, create a simple table that has your core values and the top five RT1 responses (Table 3.2). This provides you with a quick and easy way to see commonality across core values and common definitions. Have the group review and discuss the table and highlight those core values that need changing, consolidating, or eliminating. In addition, you may find that you will need to add a core value that was not identified before.

The goal of this core value discussion with respect to RT1 is that at the end of it, your team has a better understanding and commitment to your core values. In many cases, the words used to verbalize your core values are not changed, but everyone has personalized and internalized them through this process.

RT1 Categories

Once you have alignment and an understanding of how RT1 is defined for your core values, the next step is to identify the key categories of RT1. Simply put, across your core values, you will find commonality with some of the definitions of RT1. They could be the same word or similar in nature.

However, one word of caution: Even if it is the same word, the context among core values may be different—this is where the descriptions of each RT1 come in to provide the proper context. In some cases, you may need to change the RT1 description to better match the context; in others, you may be able to keep the description as-is.

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Core value	RT1 1	RT1 2	RT1 3	RT1 4	RT1 5	Change	Combine	Delete

Table 3.2 Your core values and the top five RT1 responses.

Note: The shaded area indicates a likely need to consolidate core values—a maximum of three to five core values is best practice and reasonable.

There are two approaches to identifying/creating your RT1 categories: core value or new category.

- Core value approach: In this approach, after discussion, you find that your core values are very concise, and the RT1 list with each core value flows well and is descriptive of the core value. In this approach, your core value is your "RT1 category," and you are just creating an "RT1 statement" for each core value.
- New category approach: In this approach, after discussion, you find that there are different (often fewer) RT1 categories than there are core values, and it is easier to establish new categories than trying to write a statement for each core value.

If you get stuck on identifying your RT1 categories, a good place to start is to consider the three categories of people, planet, and profit. Though not always a great fit, it does get the discussion going to then identify your final categories.

For each RT1 category, include a list of the RT1s that you identified during the core value exercise, and reorganize if creating new categories. As you look at them, there should be good alignment and a natural understanding of how they go together. In the end, you should have your RT1 categories with a list of RT1s, either directly related to a core value or associated with one or more core values.

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