



THE CAPITAL Quality Connection

Summer 2004

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CQI President's Column

By Ed Klop , CQI President, retired

The quest for continuous improvement is truly a journey. We cannot “quick fix” our way to system success. This is true within any system, whether it be a business realm including manufacturing, service, and non-profit or on the educational side with K–12, graduate studies, or even a CQI learning community. Everything operates within a system in need of continuous improvement. We, the leadership steering committee of CQI, are working hard on our own quest in this regard.

Continuous improvement is the essence of our vision. Let me quote the CQI vision statement, “Our vision is of a community that is continuously improving and a community that is an excellent place to live, work and visit.” This vision can only be achieved through a very broad initiative reaching every aspect of the community. We must build positive relationships within the government, economic, medical, social services, educational, and even family systems. A positive relationship will help us become infectious with the knowledge of continuous improvement methods we wish to promote within each of these systems.

Positive relations are created by mutual respect for the differences in all of us as individuals. A label for this might be the variation in us as people. Variation, and the

understanding of it, is a key component in the drive towards continuous improvement. Relationships continue to grow when we take the time to understand the excitors within each other. Triggering internal motivators makes for significant improvement in personal attitudes.

It is our commitment to strive to align our strategies toward reaching broad based improvement in all sectors. Through building and growing positive relationships we will reach new opportunities to lead others on the continuous improvement journey. Through all of our efforts we can create a win-win community that is a joy to be a part of.

Quality and Values

Over the past several months, the Capital Quality Initiative Steering Committee has been reviewing our mission and vision and answering the question: “What do we value?” As a result we have adopted a new mission that better addresses what CQI represents. The vision, which represents a look into the future did not change.

The exercise of asking “What do we value?” brought us to ask a similar question to several CQI member organizations. In this feature article on quality and values, we asked these organizations to share with you responses to the question:

“How do your organizational values incorporate quality principles?”

The mission of Capital Quality Initiative is to provide learning opportunities that lead individuals and organizations into continuous improvement of the systems in which they live and work.

Our vision is of a community that is continuously improving and a community that is an excellent place to live, work and visit.

Accident Fund Insurance Company of America – Making Quality How You Do Business

At Accident Fund our focus is on our customers who demand quality in all that we do. The journey to deep quality began with our privatization 10 years ago and has evolved to become a part of our core guiding principles.

We continue to focus on quality and consider our efforts a market differentiator or driver for our growth. Like most organizations Accident Fund has a mission and vision that supports our organization's employees, customers and stakeholders. We think of this as the "what" that we do each and every day. Our guiding principles that support the mission and vision we consider the "how" we go about fulfilling the "what."

Guiding Principles

We will succeed tomorrow because these principles guide our behavior today.

Growth

As we grow our business, we also grow our people by discussing, planning, and encouraging personal development in all forums that help build our future leaders.

Unity

We treat one another with respect and as collaborative partners in our success. We listen to understand. We welcome the depth and breadth of a diverse workforce.

Integrity

Our Company is built on a bedrock foundation of honesty, commitment, and reliability in every aspect and practice of operation.

Discussion

We build communication into every process and consistently share ideas, opinions, and information. We actively listen and seek first to understand before seeking to be understood.

Excellence

We are committed to continuous improvement, and we manage our collective knowledge to ensure we learn from the past, measure the present, and improve in the future.

Accident Fund has created a number of internal forums to share and reinforce our guiding principles and to ensure we are getting the "how" implemented correctly. This process is one that is neither quick nor easy but as a collective team we are committed to getting it done.

As our business environment evolves and we look towards more innovation and automation our guiding principles become more important. Our approach towards continuous improvement requires discussion to obtain the input to achieve the excellence our customers demand. To make the discussion work we must first have a clear understanding of our growth needs then have

a shared vision in a united sense with a foundation of integrity. All of the principles work together in a system to achieve our business results.

We strive to improve each and every year in our business through our customers, employees and shareholders. While it is never easy to grow, at Accident Fund we believe that we have the formula that we need to practice and execute each and every day.

Sam Holland

Vice President of Quality Improvement

Accident Fund Insurance Company of America

<http://www.accidentfund.com/>

State Employees Credit Union Core Values and Recipe for Quality

In 1999, State Employees Credit Union discovered its Core Values and Core Purpose through an all-involving organizational process. SECU's Core Values are those ideals in which the organization and its employees believe. Since that time, the Core Values have been used as a basis for decision making and a behavioral model, ultimately becoming an organizational treasure. The Core Values support the organization's Core Purpose, "To Help People Attain Their Aspirations." While these values were ever-present in the organization, articulating them provided the organization with a visible common bond that drives the organization toward enhancing member value.

Becoming increasingly clear about what it would take to best serve its members, SECU embarked on a formal quality initiative in 2003. SECU started with the service provided to its members and deliberately developed a process centered on its Core Values to create its Quality Service Standards. The process engaged every Credit Union employee and evolved into a creative dialogue that allowed each person to articulate their thoughts about quality service while providing an agreed-upon format for delivering it to its members.

The final product, SECU's Recipe for Quality, encompasses SECU's Core Values and sets clear expectations for providing member-focused service. SECU's service standards are simply stated so SECU team members can see their input and understand their role. While the quest for quality is a continual effort, SECU's Quality Service Standards have been a strong starting point for integrating quality principles into the organization. They've positioned the organization to take a look at its next steps on the quality journey, which may include identifying system improvements and refining member feedback systems.

SECU's Recipe for Quality

- Treat each member as you want to be treated - like they are your first member of the day.
- Have confidence in yourself and help build it in others.

(Continued on page 3)

(Continued from page 2 - State Employees Credit Union)

- Have the courage to do what's right and follow through.
- Be trustworthy and honor confidentiality.
- Provide top-notch service no matter how you feel. On a bad day remember, "You're on Stage!" Make members the #1 priority - they are the boss.
- Be accountable for your decisions and actions because you are the face of SECU with everyone you come into contact with.
- Acknowledge everyone within 10 feet of you with a smile, eye contact and greeting, using his or her name when known.
- Take time to actively listen to member needs and do whatever it takes to provide them the best solution that goes above and beyond their expectations.

- Treat all your fellow co-workers in a friendly, respectful manner. This reflects to our members.
- Acknowledge, appreciate and celebrate the contributions and successes of co-workers and teams.
- Take the extra steps to help and support your co-workers. Work together towards a common goal.
- Provide consistent, quality service each and every time by taking pride in what you do. Always ask "Is there anything else I may do for you today?" Thank and welcome members to come back again.
- Make it FUN!!!!

Danielle Brehmer
Senior Communications Consultant
State Employees Credit Union
<http://www.secu.org/>

"When I sail, I point toward the north star. I don't expect to reach it, but it gives me something to aim for."

On visioning, by developer Jim Rouse

Peckham, Inc.: Where Values and Quality Meet

For the team at Peckham, Inc., separating values from quality is like trying to separate the coffee from the water in your morning java. They are so intermixed it becomes difficult to see where one ends and the other begins. While Peckham has always had a strong values-based mission, there was never an attempt to define or codify the individual facets. When the time did come for Peckham to solidify and clarify the ideals and goals that made Peckham unique, there was little surprise when three of its five core values resonated and supported their already strong quality mission. Both policy and values statement provide road maps and benchmarks for employees to gauge their activities by. Every effort is made to make the customer the focus and to serve him or her with the integrity and commitment to excellence that echoes throughout Peckham's efforts.

To answer the parallel goals of its values statement and quality policy, Peckham has developed a number of tools. Recognizing that any effort to improve or build success is based upon the individuals and the collaboration of teams

they form, Peckham embraced the idea of becoming a learning organization. It encouraged the development of teams of purpose as well as multi-disciplinary teams to facilitate the distribution of information and best practices. Pursuing continuous improvement, Peckham empowered the individuals and teams to identify areas for improvement and provide solutions via its "Opportunity for Improvement" program. With those two facets polished, the pursuit of excellence and exceeding expectations became the expected outcome as much as a goal. For Peckham's customers, this translated into their success and subsequent recognition of Peckham with a Quality Achievement award from Saturn and numerous acknowledgements from the U.S. Department of Defense for Peckham's responsiveness to Rapid Fielding Initiatives (Note: These are only the awards received for 2003).

As with any quality program or pursuit of a values-driven organization, Peckham recognizes that every success or opportunity is simply a milestone in a never ending journey.

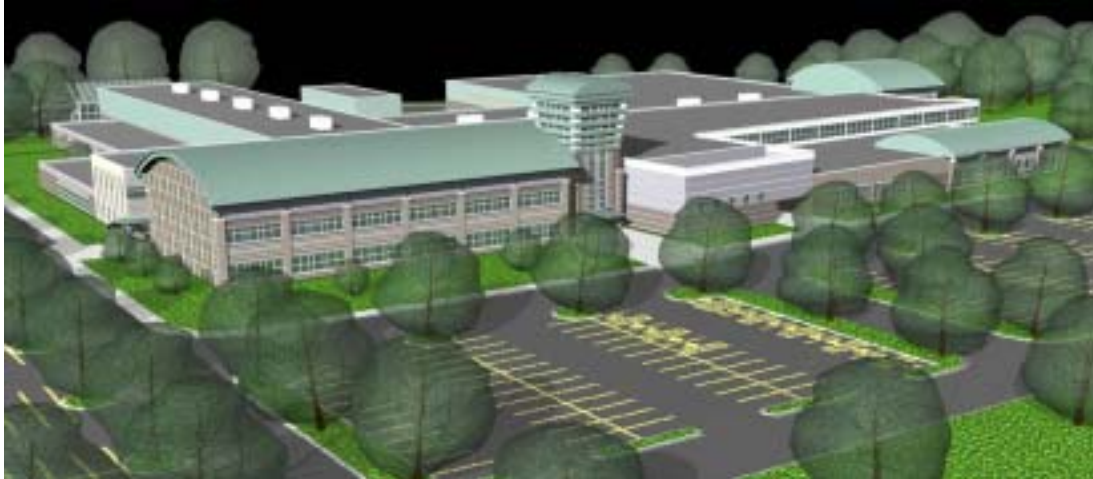
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Have you visited the CQI Website recently?

Each month the breakfast program and speaker are updated, with downloadable flyer available. The web site includes a calendar of events, dates for the CQI Academy and Special Interest Networks meetings, membership and sponsorship information, a copy of the latest CQI Connection Newsletter, and highlights of what's happening at CQI. Add us to your bookmarks or favorites: **www.lcc.edu/cqi or www.capitalquality.org**

Introducing Lansing Community College's West Campus!

The Capital Quality Initiative office and resource library has relocated temporarily to a new location on Lansing Community College's West Campus. The CQI Library and Resource Center is open for business in the new location.



What is West Campus?

Just what is West Campus? It's a 260,000 square-foot academic workforce development center that will be the new home of nearly two dozen programs currently located on LCC's downtown Lansing campus. The facility is located in Delta Township off Mt. Hope between Creyts Road and Snow Road. It is visible from I-496 near the Creyts Road exit.

West Campus will also be the home of the Michigan Technical Education Center (M-TEC) at Lansing Community College. M-TEC is a state-of-the-art facility designed specifically to meet employer labor market needs, for well-trained, well-qualified workers in a number of specific high-skill, high-demand, high-wage areas.

LCC's Business and Community Institute also relocated to the new facility, providing Greater Lansing Area employers with increased options for outcomes-based training solutions. For more than 20 years, BCI has been the workforce development partner of choice for thousands of individuals in business and industry as well as non-profit organizations because of our commitment to quality, innovative solutions and service. Members of the BCI team are effective providers of outcomes-based training solutions because we work diligently to understand your key business goals and issues.

BCI is ISO 9001:2000 certified, meaning we emphasize quality throughout the organization and we have a system in place for continuously improving customer satisfaction in quality products and services. That tradition of quality and excellence is continuing and broadening with the opening of West Campus.

The new workforce development complex will provide a myriad of learning experiences within the 260,000 square-foot facility including state-of-the art classrooms; expanded, hands-on workstations; and wireless teleconferencing technology. Many training opportunities will be available, including new offerings in lean manufacturing and industrial technology and management. For additional information on Lansing Community College's West Campus and M-Tech, visit the web at : <http://www.lcc.edu/workforce/>.

“Almost all quality improvement comes via simplification of design, manufacturing, layout, processes, and procedures. ”

Tom Peters

Office Lean

By Brian Flowerday

Ever wonder why it sometimes takes several weeks for an office to process paperwork that should take just a few minutes for someone to complete? Have you ever personally spent hours at a medical office to see the doctor for less than 10 minutes? Why should it take “4-6 weeks” to get this back in the mail? Nearly every industry struggles with administrative performance—and increased regulation and liability concerns are only making things worse.

The Problem

So why does it take so long to get things done in office settings? Are office people just slow and inefficient? Do administrative workers not care about what they are doing? That is not the case at all. Most offices are fast-pace places where people continue to work harder than ever and each individual has tried to make their part of the process as efficient as possible. The problem is that when each individual makes things more “efficient” for themselves, they often make the overall process *less* efficient! The problem is *flow*.

Here’s an example...

As an auto insurance company processes a medical claim, it is one person’s responsibility to notify the customer’s primary insurance company of the claim. In order to be “efficient,” she groups claims together so that she can talk to Green Star Insurance on Mondays, Purple Square on Wednesdays, and all of the others on Fridays. This seems to make sense. However, if a Green Star claim hits her desk on Tuesday...it waits a week and the whole process goes on hold. That’s a problem. (Yes, this kind of thing really does happen—all the time!)

Lean History

Manufacturing companies have been dealing with exactly the same types of problems since the late 1940’s. It started in a decimated post-WWII Japan, where Taiichi Ohno and Eiji Toyoda developed intense waste minimization management methods now known as the Toyota Production System (TPS). At the same time, Dr. W. Edwards Deming was teaching the Japanese about quality and variation reduction. By the 1970’s, Toyota was outperforming American automakers in areas of quality, productivity, and adaptability. Under intense competition in the late 1970’s and early 1980’s, American manufacturers began to take note of TPS and have been trying to get “lean” ever since. “Lean Manufacturing” (a term coined in the book The Machine that Changed the World (1994) by Womak, Jones, and Roos) is a set of tools and principles developed for manufacturing that can be directly applied to office and administrative settings.

Value Stream

One of the many tools that lean practitioners use is a Value Stream Map to show where *value* is being added to the

product/service/patient/etc. and where *waste* is occurring. The *Value Stream* consists of all required activity that achieve the desired end result and *waste* is any delay, re-work, movement, etc. that is unnecessary in achieving the result. “Future state” value stream maps incorporate lean principles to show improved flow along with specific constraints that need to be overcome to achieve it. The future state map becomes the foundation of lean implementation efforts.

Back to our example...

The future state map shows that the insurance notification person will need to talk to *every* insurance company *every day* so that claims processing is not delayed. But there is a problem: every time she calls Green Star Insurance, she spends over 20 minutes going through their automated system and waiting on hold! She does not have time to do this every day! So there is a choice: Deal with this problem or accept the waste.

For each improvement on the future state map, there is likely to be some barrier—some small, some large. Each barrier must be addressed using basic problem solving, Six Sigma, team creativity, technology, etc. The point is that the future state map provides clear direction on where improvements need to occur in order to help the entire value stream function more effectively.

Conclusion of our example...

The team contacted Green Star Insurance and was able to establish a direct contact phone number to the department for claims notification. The claims person is now able to push one button (speed dial) and spend less than two minutes on the phone with Green Star per claim. Even better, the conversation with Green Star led to some other information that made her job even simpler!

Offices, educational institutions, medical centers, and all administrative areas have access to many tools that have been developed and tuned within the manufacturing community. Having read this article, take a look around your own office. What adds value to the end result? What is waste?

Brian Flowerday works with manufacturers and administrators to help them apply the lean manufacturing principles through training, “lean events,” and strategic planning. Representing Leapfrog Lean, Advance Solutions, and the Business and Community Institute, Flowerday has used a simple and powerful approach to train hundreds of people and help clients save money, time, and sometimes their future. He can be contacted at (517) 449-8095 or bdf@leapfroglean.com.



Capital Quality Initiative Membership and Sponsorships

CQI would like to invite you to consider upgrading your level of support to include one of our new sponsorship memberships. To update or change your membership or for additional information, please call us at 483-1363.

Level	Benefits
Platinum Sponsor *	Organizational membership, sponsorship at one breakfast, mentioned at all breakfasts as sponsor, web link to organization, one free seat at each breakfast for the year, plus one extra punch card, recognition plaque, plus reduced rates at CQI Academy. Cost: \$1500
Gold Sponsor *	Organizational Membership, sponsorship at one breakfast, mentioned at all breakfasts as sponsor, web link to organization, one free seat at each breakfast for the year, recognition plaque. Cost: \$1000
Silver Sponsor *	Organizational Membership, mention at the breakfasts, CQI web link to organization, one free seat at each breakfast for the year and recognition plaque. Cost: \$600
Bronze Sponsor *	Individual Membership, one punch card and recognition plaque. Cost: \$350
*A portion of these sponsorships may be eligible as a tax deductible contribution to CQI	
Breakfast Sponsor	Two free reservations for the breakfast, thanked in our quarterly newsletter, acknowledged on CQI website, receive three to five minutes at the podium during the breakfast; get mentioned in monthly calendar as the sponsor for the breakfast, and place handouts or company information on the tables. Cost: \$350
Organizational Membership	Member rates at monthly breakfast meetings, seminars, workshops and the CQI Academy for Quality Management Fundamentals for all employees of the organization; special interest networks, a quarterly newsletter, access to resource library, opportunities to network with others involved in quality initiatives and receive regular notices and flyers for CQI events and programs. Cost: \$150
Non-profit Membership	Organization membership benefits for charitable non-profits. Cost: \$50
Individual Membership	Same as organizational benefits for single individual. Cost: \$25
Student Membership	Same as individual benefits for part-time or full-time student. Cost: \$10

Thank you CQI Gold Sponsors!



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the Company's website at www.BearingPoint.com.



Accident Fund Insurance Company of America, established in 1912, is a wholly owned and independent operating subsidiary of Blue Cross Blue Shield of Michigan. It is the leading workers compensation carrier in Michigan and is licensed in 24 other states. The company also provides third party administration services and disability management.

Accident Fund Insurance Company of America is rated A (Excellent) by A.M. Best, the most respected property and casualty rating organization in the country. Accident Fund is also a member of Ward's 50. Additionally, Accident Fund is an active community supporter, sponsoring such programs and organizations as Ele's Place, MSU Safe Place, the Susan G. Komen Breast Cancer Foundation and the United Way. For more information on Accident Fund, visit www.accidentfund.com.



In addition to providing state-of-the-art technical and production training for the Lansing General Motors plants, the UAW-GM Lansing Training Center oversees education and retirement programs for Lansing area UAW and GM employees and retirees, and their families. Visit at www.uawgmlltc.com.

Vision and Values in State Government

By Laretta Fortune

Governor Granholm is focused on values to make state government a great place to do great work. Daniel Mulhern, Michigan's First Gentleman, spoke with the Capital Quality Initiative on December 17, 2003, to explain how the Governor is achieving that goal.

Why focus on values? Mr. Mulhern explained that values have always been important to Governor Granholm. She emphasized values in her campaign, and believes it is important to walk the talk. With a background in organizational development, Mr. Mulhern knew that there is more than one way to drive values in an organization. One is to decide what to value. Another way is to look for what already gets valued in the organization. Recent research tells us that the second approach does better at creating a work environment that employees describe as "great".

The Governor and Mr. Mulhern forged a plan that started with sharing the Governor's promised values. She and the Cabinet identified the values they share: integrity, excellence, and inclusion. Then, they posted these three values online and invited employees to provide feedback. When department work groups reviewed the feedback, they discovered that there is a fourth value prevalent among state employees – teamwork.

The four values are present and important, but not always evident. So the Governor and the Cabinet launched an effort to begin aligning values to behaviors. They held hundreds of meetings led by hundreds of facilitators selected from the staff and trained in facilitation skills. And again they solicited feedback from employees, this time about the effectiveness of the meetings.

But before the effort could take hold, the context changed. Michigan's severe budget shortfalls were publicized. Rumors and anxiety rolled through the government as employees worried about cutbacks. Employees and other constituents criticized the expenditure of time and money on the values initiative. According to Mulhern, this was when it became critical for government leaders to stand by their values and continue with the effort.

Mr. Mulhern described next steps that included sharing the employee feedback on the meetings, some of which indicated a need to adjust the process; communicating; shaping department strategies, implementing a 360 degree tool in which peers and other co-workers provide input on individual performance; and developing leadership training.

Aligning behaviors to fit existing values will make Michigan's state government a great place to work. That, and the integrity – or constancy of purpose – leaders have to practice in order to realize the alignment will make it possible to do great work.

Thank you CQI Breakfast Sponsors!

The following organizations have supported Capital Quality Initiative in the past fiscal year (July 2003-June 2004) by sponsoring one or more breakfast programs. Sponsorships help offset the cost of Capital Quality Initiative programs, printing, postage, and staff. To become a breakfast sponsor or upgrade your membership to include a sponsorship, call us at 517-483-1363.

State Employees Credit Union—September 17, 2003, "*Jazz Leadership: Parallel Performances*," Steve Winninger, President/CEO of State Employees Credit Union, and Jim Kasprzak, Director of the FIA's Bureau of Administrative Services, Rich Cissel and Gene Rebeck

Accident Fund Insurance Company of America– October 15, 2003, "*Innovative Approaches to Quality in Hard Times*," Jim Epolito, President of Accident Fund Insurance Company of America; Shawn Grady, President of GEE Communications; and Ralph Shaheen, President of Shaheen Chevrolet

Business and Community Institute, Lansing Community College– November 19, 2003, "*Lean Principles*," Rick Pavlica, Continuous Improvement Manager at Symmetry Medical, Inc.-Jet

Accident Fund Insurance Company of America– December 17, 2003, "*Vision and Values*," Dan Granholm Mulhern

BearingPoint, Inc.—April 21, 2004, "*How Pay Can Get in the Way of Systems Thinking*," Michael Cleary, Ph.D., Founder and President of PQ Systems, and Professor Emeritus, Wright State University, Dayton, OH

The John Henry Company– June 16, 2004, "*Quality Challenges of a Growing Business: Standing Still is Not an Option*," Robert Anderson, Vice President & General Manager; Rachel Leos, Quality Systems & Regulatory Manager; Pam Burke, Product & Process Quality Manager

New members since Fall 2003 newsletter

Organizational:

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Nonprofit Organizational:

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