



Profit Building Audits: *for Profiting, Predicting, and Improving*

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Web-based Training: www.QualityWBT.com

Basic Compliance Auditing

- ★ *Report document inadequacies*
- ★ *Report ineffective implementation*
- ★ *Report failure to maintain system*

Maintain readiness for external audits

Management Thinking

- ✦ Cost of doing business
- ✦ Required
- ✦ Keeps regulators off our backs

Common Pool of Data

- ✦ Documents and records
- ✦ Interviews
- ✦ Physical
- ✦ Senses
- ✦ Calculations

Beyond Compliance

- ✦ System design matches business objectives
- ✦ Performance measures verify effectiveness
- ✦ Responsiveness to customer and business needs

Management Thinking

- ★ *Cost of prevention?*
- ★ *Management strategy for improvement?*
- ★ *Benefit the organization*

Management Issues

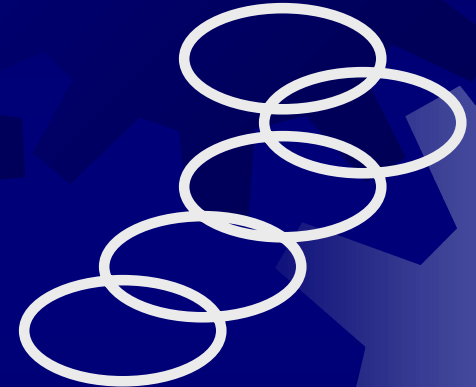
☀ Link findings to business needs

☀ R/P Matrix

Cost - Opportunity - Risk

☀ Non financial

- work environment
- employee satisfaction and retention
- community
- diversity



Excellence - Outstanding

☀ Effectiveness

☀ Define

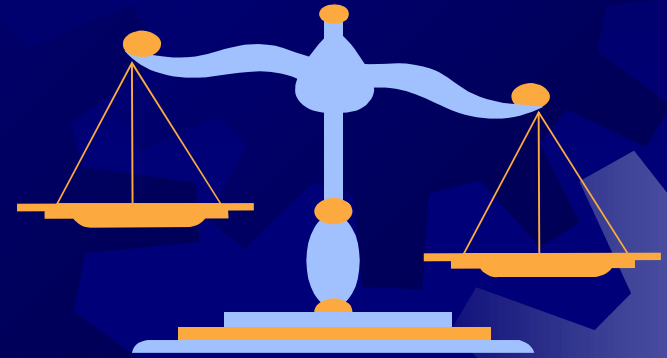
- ☀ 1996: After the Quality Audit
- ☀ 1999: The Quality Audit Handbook
- ☀ 2000: ISO 9000

Effectiveness: The extent to which planned activities are realized and planned results achieved

Process Performance Effectiveness

★ Optimum balance

- ★ Output goals
- ★ Process



~~*The end justifies the means*~~

Peak processes ensure desirable outcomes

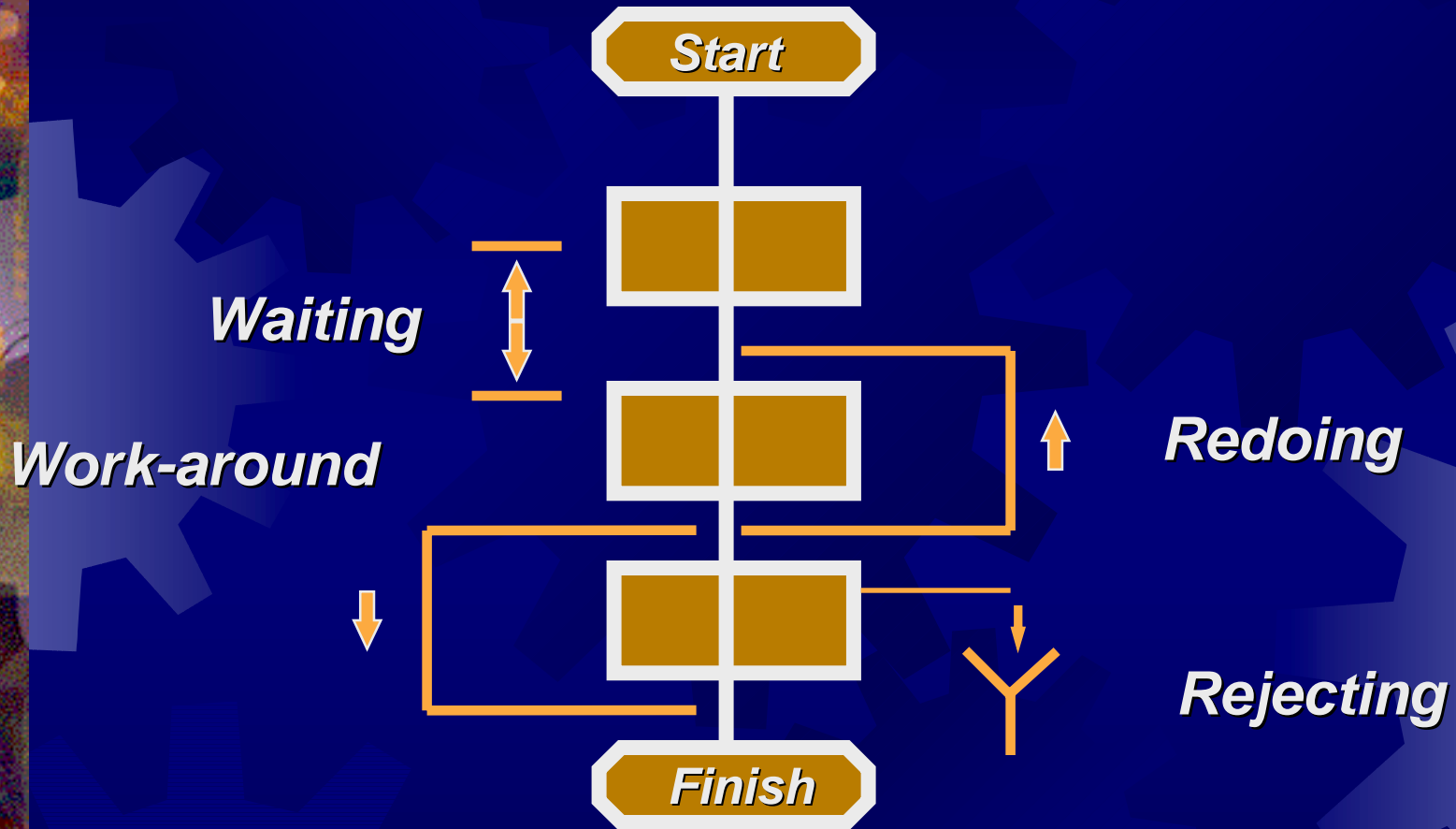
Process Performance Indicators

- ✦ Redoing
- ✦ Waiting
- ✦ Rejecting
- ✦ Work-around

Radar Scan



Process Performance Indicators



People – Materials – Methods - Equipment – Measures - Environmental

Profit Building Audit Steps

☀ Review

- ☀ Documents
- ☀ Performance records
 - Errors, complaints, rework, correcting

☀ Know process/ tour - flow chart

- ☀ Bottlenecks, critical path

☀ Get input, issues/expectations

- ☀ Management – customers - suppliers

☀ Identify areas to sample

☀ Evaluate

Sampling for Performance

- ★ Representative
 - Random Sampling
- ★ Extra thorough
 - Larger samples
- ★ Known suspect areas
 - Directed/ Judgmental Sampling

Stallite Scan



Directed Performance Sampling

- ★ Meet with audit customers
- ★ Brainstorm

*Backlog of CAs
Excessive changes
Hold areas
Out of the way areas
Tour
Check attendance
New processes
Missing responsibility*

Analyzed Performance Indicators

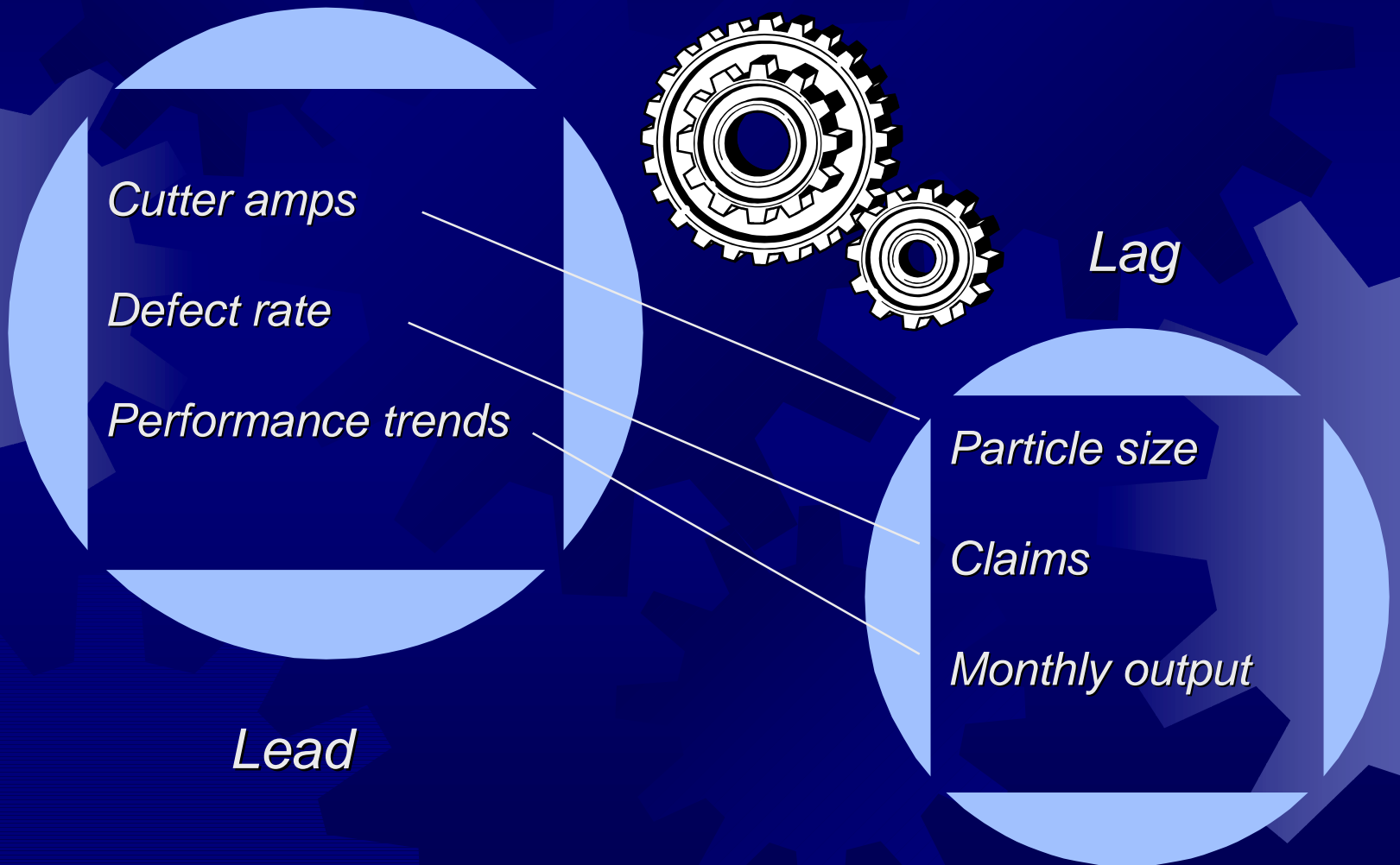
★ Lagging indicators

- ★ past laurels
- ★ records for verification

★ Leading indicators

- ★ future performance
- ★ basis for adjustments
- ★ risk to business

Indicators



The Prophet

- ✦ *Continuous compliance*
- ✦ *Continuous improvement*
- ✦ *Continuous failures*

IN-CONTROL or IN-TROUBLE?

Best Practices

- ★ Large or small
 - ★ Technique use by an employee
 - ★ Department file and communication system
- ★ Will benefit many
- ★ Will benefit the organization

Effective Knowledge Transfer

- ✦ Identify best practices
- ✦ Investigate potential application
- ✦ Compare to existing practices
- ✦ Identify benefits
- ✦ Implement the new practice
- ✦ Verify it worked
- ✦ Keep records

Report

- ✦ Introduction, purpose
- ✦ Predict future performance and risks
- ✦ Report improvement points
 - ✦ Cost
 - ✦ Opportunities
- ✦ Readiness for urgent customer needs and process emergencies
- ✦ Report Best Practices

Make it compelling!

Improvement Points for...

- ✦ Productivity
- ✦ Clear communication
- ✦ Eliminating waste and scrap
- ✦ Data integrity, accuracy, representative
- ✦ Employee satisfaction and retention
- ✦ Wrong process

Meeting Requirements



NO
Noncompliances

Determine Competency Needs

- ✦ Education
- ✦ Personal attributes
- ✦ Experience

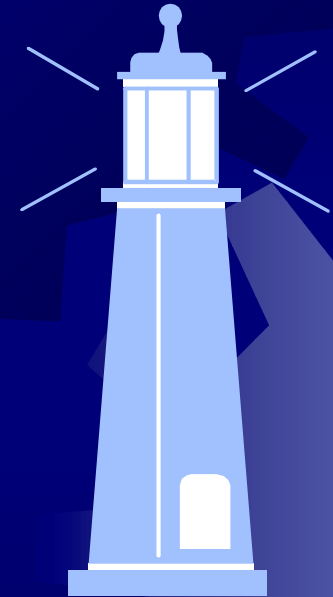
- ✦ Training
 - ✦ Financial & business performance terms
 - ✦ Sampling techniques
 - ✦ Report writing
 - ✦ CE Diagrams
 - ✦ Management tools
 - ✦ Pareto Charts
 - ✦ Simple analysis
 - ✦ Corrective action
 - ✦ Quality Principles

Master Auditor

Future

Profit Building Audits

- ✦ Find weaknesses and rectify
- ✦ Forecast performance and plan
- ✦ Share best practices and grow





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www.QualityWBT.com/FYI.htm

