

Lean Six Sigma Program

Status Report

Sector Meetings
October / November 2005

Draft – for discussion purposes only

Process & Quality Mgmt. Vision

- Position Lean Six Sigma as a tool to provide NYISO staff with the know-how to execute Excellence in Execution program
 - ✓ Lean: Reduce complexity & cycle time
 - ✓ Six Sigma: Reduce process defects and variation
- Define performance measurement system
- Communicate quality awareness and process improvement across the organization and to our Customers
- Balance product and process improvement projects while maintaining momentum on both (prioritization tool)

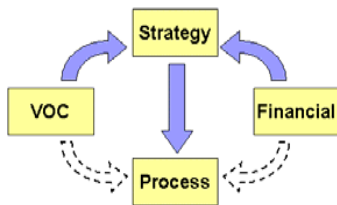
Project Selection Process

- Implementation use of a structured approach to:
 - ✓ Identify opportunities - Project Ideas
 - ✓ Prioritize projects
 - ✓ Select projects to execute
 - ✓ Manage the number of projects in process
- Disciplined management of the active project pipeline – launch projects based on availability of resources and data
- Clear, consistent use of project evaluation criteria related to driving value

Project Selection Process

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Identify Value Levers



- Identify value levers in the business
 - Strategic
 - Financial
 - Customer
 - Operational (Process)
- Prioritize value levers

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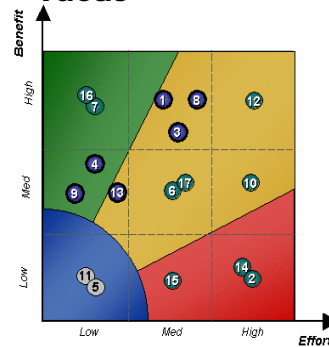
Identify Project Ideas



- Translate Value Levers into Opportunity Areas
- Translate Opportunity Areas into Project Ideas

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Screen Initial List of Project Ideas



- Score each project idea as High / Med / Low for Benefit and Effort
- Fill in Benefit / Effort Matrix
- Review plotted results
- Select highest priority opportunities for further analysis

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Scope and Define Projects

Category	Item	Value
Example	Challenge	High/Low
	Process Owner	Identified
	SME	Identified
	Team/Member	Member 1, Member 2, Member 3
Project Scope	Major Milestones	Key Milestones
	Deliverables	Identified
Data	Call Volume Report	MS Excel/Oracle
	Process/Requirements	MS Excel/Oracle
Project	Project Name	Reduction in total volume of Customer Returns
	Problem	High % Returns
	Objective	Knowing all volume of Customer Returns and thereby 35% more Savings
	Scope	Report 12 months to January the December using conditional report to generate the below of \$41,000
	Impact	Active state of the Market Participants due to changes
	Timeline	17/04/14 - month
	Resources	77/04/14 - month
	Cost	Reduction in volume by 25% (Net Estimated from 12000 rows 50/04/14 - month)
	Initial LPMS	25%
	Product ID	91
Initial State	2450	
Final State	523	
Start/End	January 2014	
Metrics	Primary Metric	Prof. of Customer Returns
	Secondary Metric	Prof. of Returns to the Market/ Customer Returns/total
	Financial Metric	Unit/call
Financials	Revenue/Expense/Market	44000
	CPQ/Order	70000
	The Improvement/KA Improved	9042
	The Improvement of BAC/Comd	92971
	Reduction/Complexity	0
Cost of Implementation	0	
		\$100,000

- Assign opportunities to project Champions for project definition
- Complete Draft Project Charters

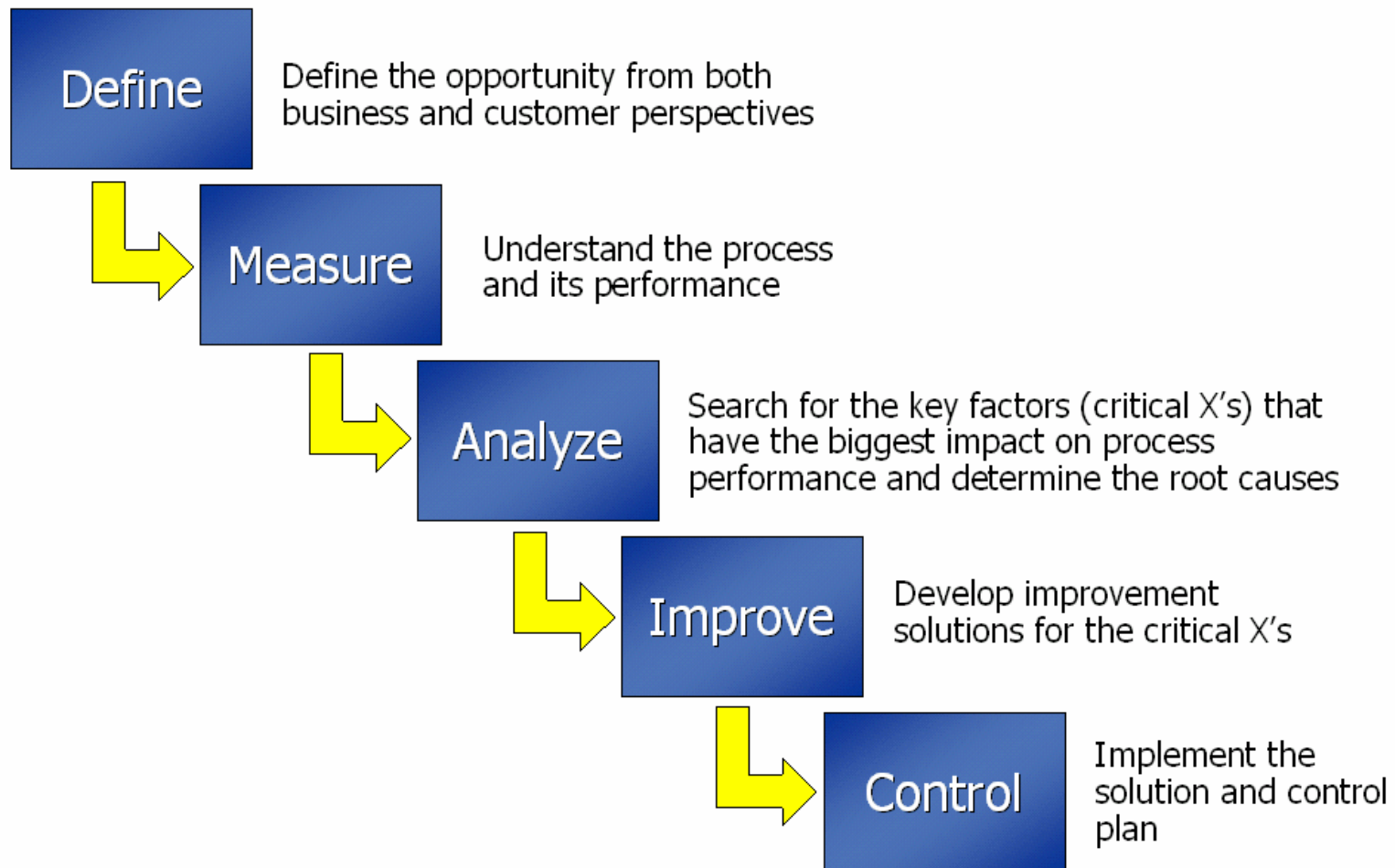
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Prioritize List of Defined Projects

PRIORITIZATION CRITERIA						
Project	Score	Priority	Owner	Start	End	Impact
Project 1	18	High	John Doe	2014-01-01	2014-03-31	\$100,000
Project 2	15	Med	Jane Smith	2014-02-01	2014-04-30	\$50,000
Project 3	12	Low	Mike Brown	2014-03-01	2014-05-31	\$20,000
Project 4	10	Med	Sarah Green	2014-04-01	2014-06-30	\$30,000
Project 5	8	Low	David White	2014-05-01	2014-07-31	\$10,000
Project 6	7	Low	Emily Black	2014-06-01	2014-08-31	\$5,000
Project 7	6	Low	Frank Gray	2014-07-01	2014-09-30	\$3,000
Project 8	5	Low	Grace Blue	2014-08-01	2014-10-31	\$2,000
Project 9	4	Low	Henry Red	2014-09-01	2014-11-30	\$1,000
Project 10	3	Low	Ivy Purple	2014-10-01	2015-01-31	\$500

- Evaluate projects using Evaluation Criteria
- Update Benefit / Effort Matrix
- Review plotted results
- Prioritize projects
- Schedule project launches based on resource availability

DMAIC Project Phases



Lean Six Sigma Project Tollgates

- Tollgates are events that the project must pass at each phase of the project (D-M-A-I-C).
- Formal presentations contain the following:
 - ✓ Project status report
 - ✓ Review of activities and accomplishments
 - ✓ Review of Project Charter assumptions
- The tollgate review ends with a Go/No-Go decision to move project to next DMAIC phase
 - ✓ If No-Go decision, further actions need to be defined in order to pass the tollgate OR kill the project

Current Program Status

- Teams identified for sixteen (16) LSS projects
 - ✓ Six (6) projects targeted at price correction processes
- First round of Green Belt training complete
- Formal project kick-offs conducted for each project
 - ✓ Currently all projects are in Define phase
- Project Champions and Sponsors meet weekly to review status of projects and program progress

Active LSS Projects

Reduce RTD Data Input Errors	Improve 1 st Tier MP Issues Resolution
Reduce Incorrect RTS Operational Parameters	Improve 2 nd Tier MP Issue Resolution
Reduce RTS Price Posting Failures	Reduce Settlement Challenge Cycle Time
Reduce Emergency Software Changes	Improve Billing Issue Resolution Process
Reduce RTS Software Errors in Testing	Reduce Current Data Billing Issues
Reduce Software Defect Rate in Development	Reduce Price Posting Cycle Time
Improve Metering Data Accuracy	Reduce Fuel Price Indexing Cycle Time
Improve Data Posting	Reduce Ratio of Hours with Price Reservations