Lean Six Sigma Program

Status Report

Sector Meetings

October / November 2005

Draft – for discussion purposes only

Process & Quality Mgmt. Vision

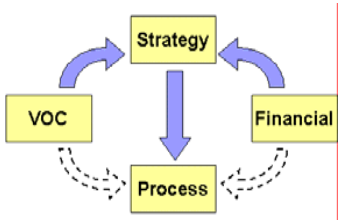
- Position Lean Six Sigma as a tool to provide NYISO staff with the know-how to execute Excellence in Execution program
  - ✓ Lean: Reduce complexity & cycle time
  - ✓ Six Sigma: Reduce process defects and variation
- Define performance measurement system
- Communicate quality awareness and process 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

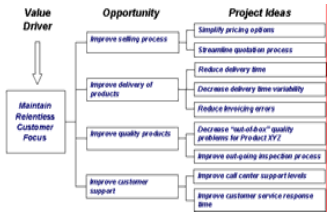
Project Selection Process

1 Identify Value Levers



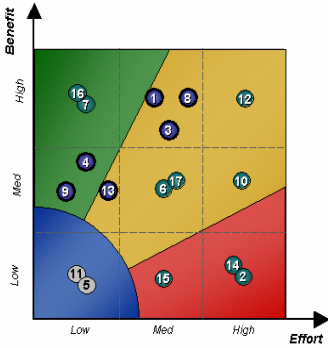
- Identify value levers in the business
  - Strategic
  - Financial
  - Customer
  - Operational (Process)
- Prioritize value levers

2 Identify Project Ideas



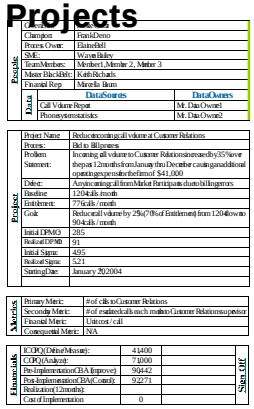
- Translate Value Levers into Opportunity Areas
- Translate Opportunity Areas into Project Ideas

3 Screen Initial List of Project Ideas



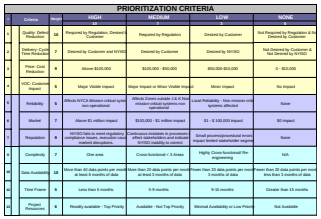
- Score each project idea as High / Med / Low for Benefit and Effort
- Fill in Benefit / Effort Matrix
- Review plotted results
- Select highest priority opportunities for further analysis

4 Scope and Define Projects



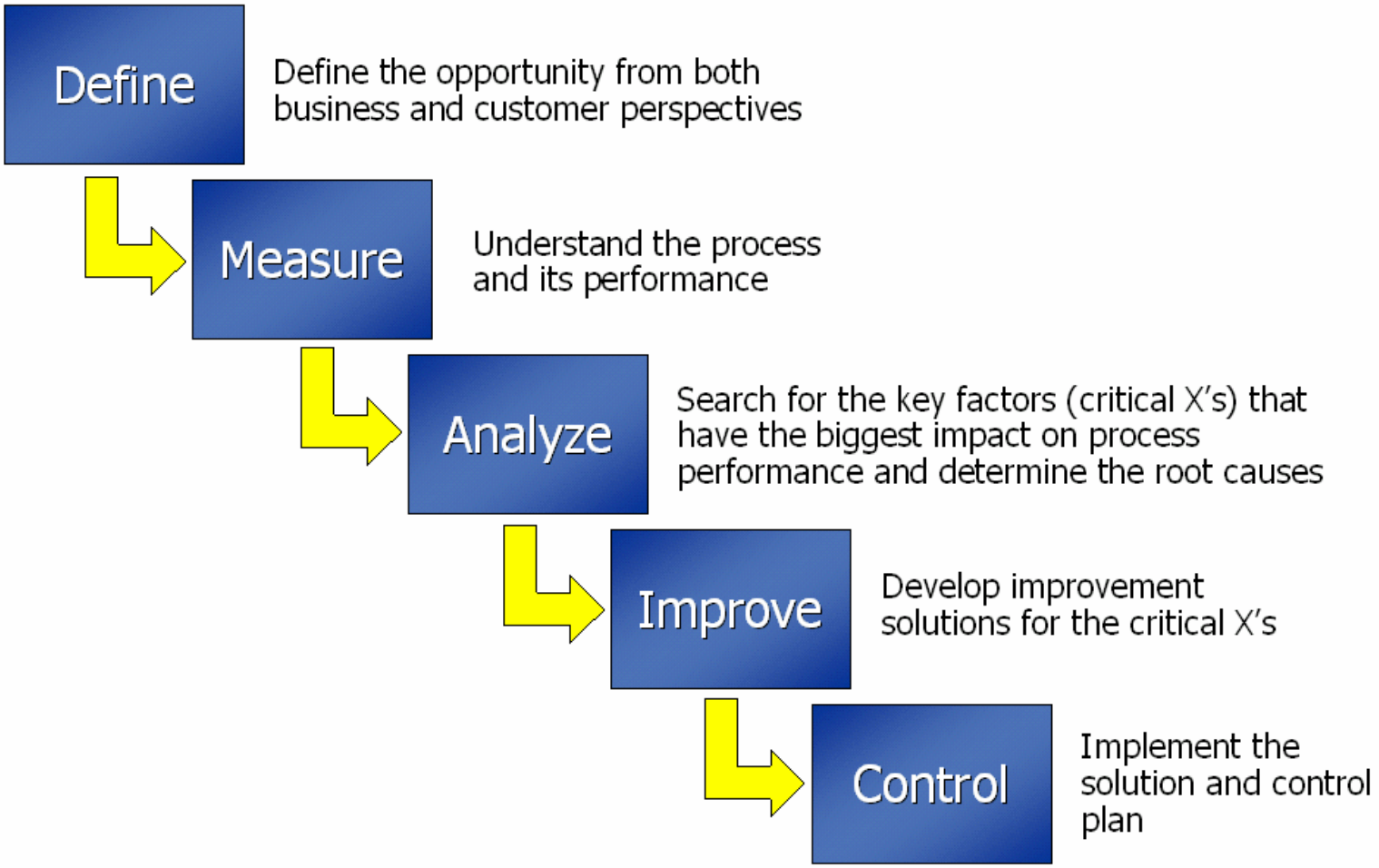
- Assign opportunities to project Champions for project definition
- Complete Draft Project Charters

5 Prioritize List of Defined Projects



- 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 1st Tier MP Issues Resolution
Reduce Incorrect RTS Operational Parameters	Improve 2nd 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