

Macy's Logistics and Operations Process Management Team Initiative

One of the biggest challenges for organizations embracing a continuous improvement approach such as Lean Six Sigma is to make it more than a "side job." Macy's Logistics and Operations confronted just this quandary, even as the results of its Six Sigma program were showing very positive returns.

"We were using Six Sigma very successfully," explains MLO President Pete Longo, "but it was still limited mainly to the projects we had underway. We realized we needed to make it part of how we run the business or the benefits would not grow as we'd hoped."

The answer was to begin applying concepts such as voice of the customer, process excellence, better use of facts and data and teamwork, to the responsibilities of MLO leaders. A network of "Process Management Teams" (PMTs) was formed where critical activities could be overseen cross-functionally and where improvement efforts of all types could be targeted where most needed.

An important element of the Macy's Process teams was to ensure a combination of local responsibility for performance, along with coordination and communication across the MLO network of distribution centers and functions. The solution was to make Facility Vice Presidents process owners of network or cross-business processes. For example, the head of Macy's Atlanta distribution center, Bob Ackermann, took ownership of the sortation processes for all of the DCs. With that leadership, ideas and best practices began to be exchanged much more effectively, with dramatic results.

Meanwhile, Ackermann and the other Facility VPs each retained ultimate responsibility for *all* the processes in his or her operation.

"This hybrid approach helps ensure we're taking both a 'big picture' and 'local operations' view of the business," explains Pete Longo.

It took time for the Process Management Teams to get comfortable with their roles and to develop better measures and improved ways to select and oversee projects. But the investment and effort have paid off substantially. "With the demands on our business, we needed a way to encourage both teamwork and individual initiative," notes Longo. "We can't wait for special projects to do that, and now instead of just a Six Sigma 'program' it's become the way we do business."

In summary, the Process Management Teams provide:

- An effective way of setting priorities
- Process ownership and a more scientific way to manage processes
- A structure for change execution and continuous improvement
- Collaboration and help from the network
- A more effective vehicle for communicating and understanding the status of the business in a common format
- Visibility of actions that get results

Having the PMTs in place has helped MLO better evaluate and develop its talent, and is proving a significant advantage in addressing the latest strategic effort: the My Macy's initiative, which is bringing merchandising expertise and selection closer to each local store.