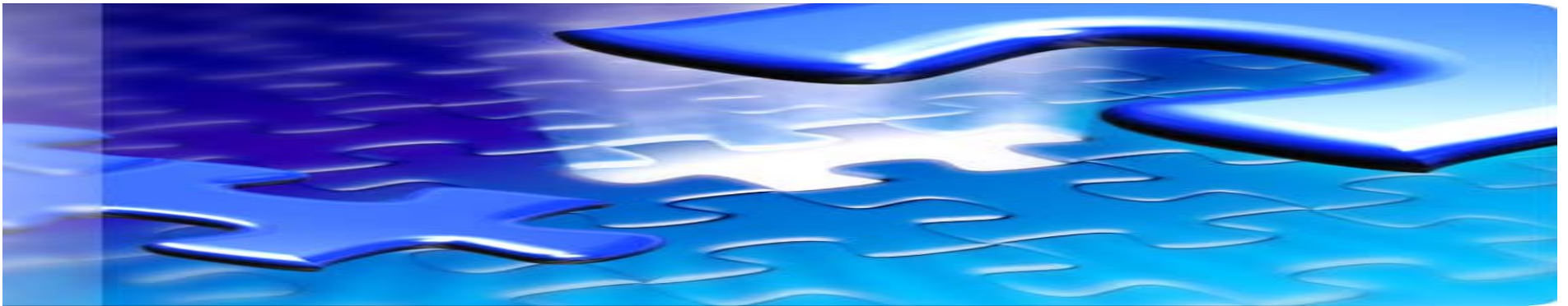


OpEx Introduction



Janeece Keller
OpEx Program Manager

Jan 2008

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**To share how we are using
both Lean and Six Sigma
tools to achieve some great
results**

Objective

1. Who is Luxottica?

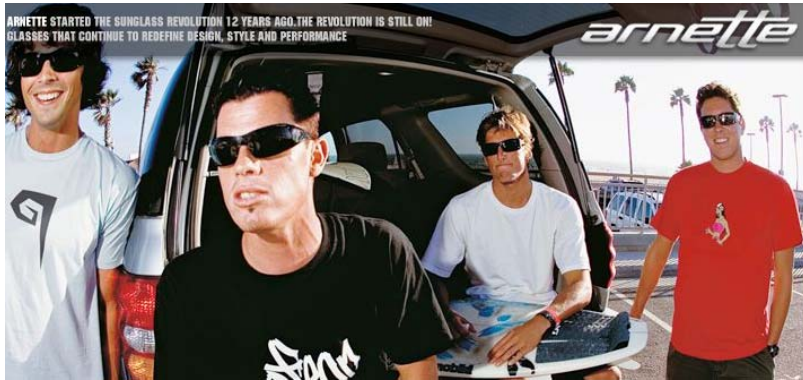
2. Lean and Six Sigma at Luxottica

3. Five S case study

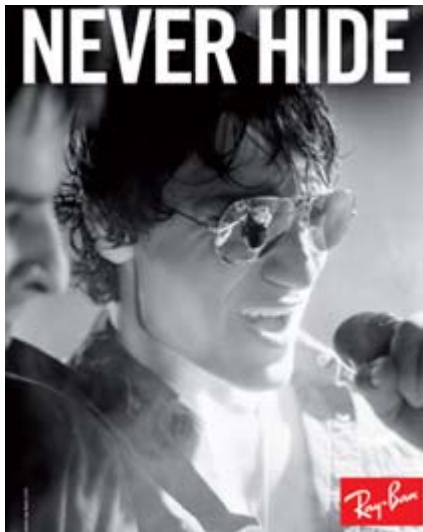
4. From Lean to Six Sigma

5. Time for Questions

Agenda

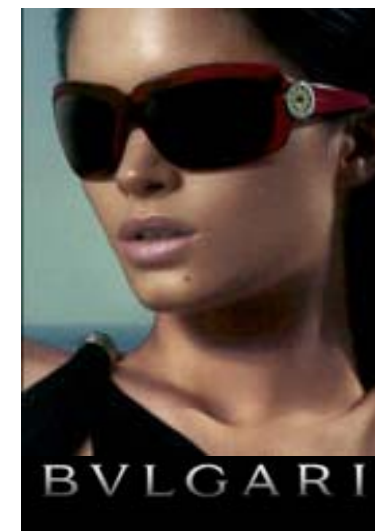
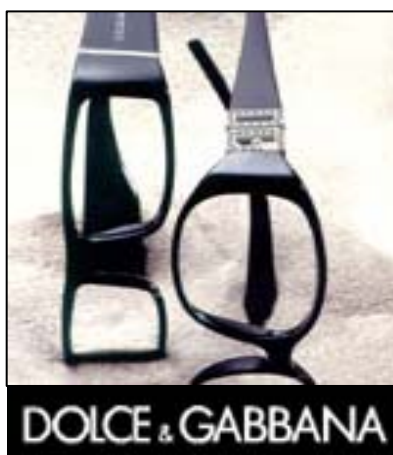


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Our Brands

look further
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Our Products- Licensed

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Retail Brands

- 2004
 - Initiated Lean Six Sigma @ EyeBiz
- 2006
 - Change in management @ EyeBiz resulted in lost support for the program
- 2007
 - Initiated company wide program (OpEx)
 - Leverage EyeBiz experience
- 2008 & beyond
 - People, Projects, Program

The Luxottica Journey so far

We achieve Operational Excellence (OpEx) by continuously improving the way we do things using structured approaches and a specialized toolkit



What Documented processes and performance visibility

Focus on eliminating waste and non-value add process steps

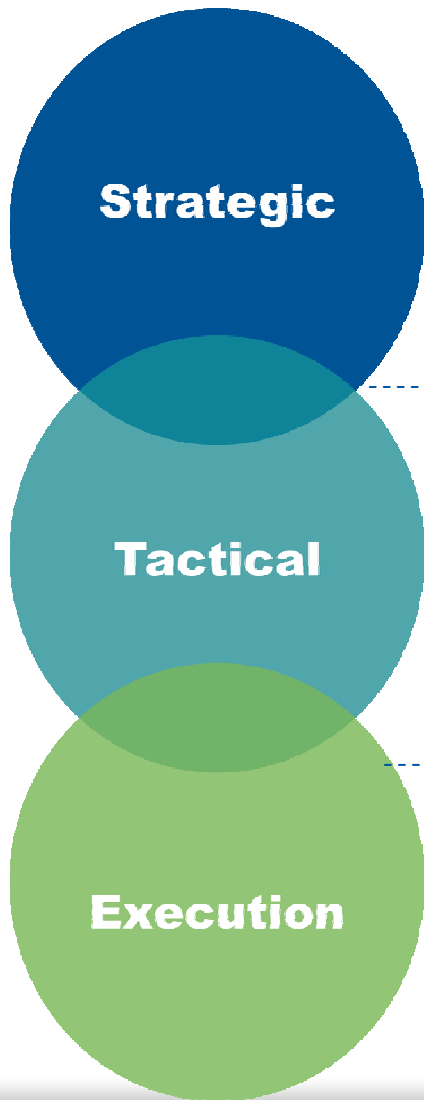
A 5-step project management methodology and statistical tool-kit to identify the root cause of problems and find solutions to eliminate them

How Create consistent process maps and relevant dashboards to provide visibility into how the process is performing against targets

Toolkit includes value-stream mapping, kaizen events, 5S etc

Consistent, structured approach to projects and focusing on customer needs and data-driven decision making

What is OpEx?



Program Development: People, projects, governance structure, training, benchmarking

Created Awareness

Engage the Business

Project Alignment to business needs

Certification Journey's

Department "Transformations"

Relationship building & sponsor training

Core team of 4

Network of 22 (GB/BB)

Deliver the results

Project Portfolio



WHEN

1. Solution is known
2. Resources with right skill-set are available

HOW

1. Allocate resources
2. Develop project plan
3. Gain consensus on what success looks like
4. Identify & communicate with stakeholders
5. Execute the plan

WHEN

1. No known solution (or lots of alternatives)
2. Resources with right skill-set are available

HOW

1. Allocate resources
2. Use DMAIC-Lite template to determine & prioritise solutions
3. Identify & communicate with stakeholders
4. Execute the plan

WHEN

- 1.No known solution
- 2.No resources available

HOW

1. Initiate OpEx project
 - Define problem & set goals
 - Measure current performance
 - Analyse root causes
 - Implement improvement initiatives
 - Control for sustained gains
2. Create OpEx storyboard to maximise leverage opportunities

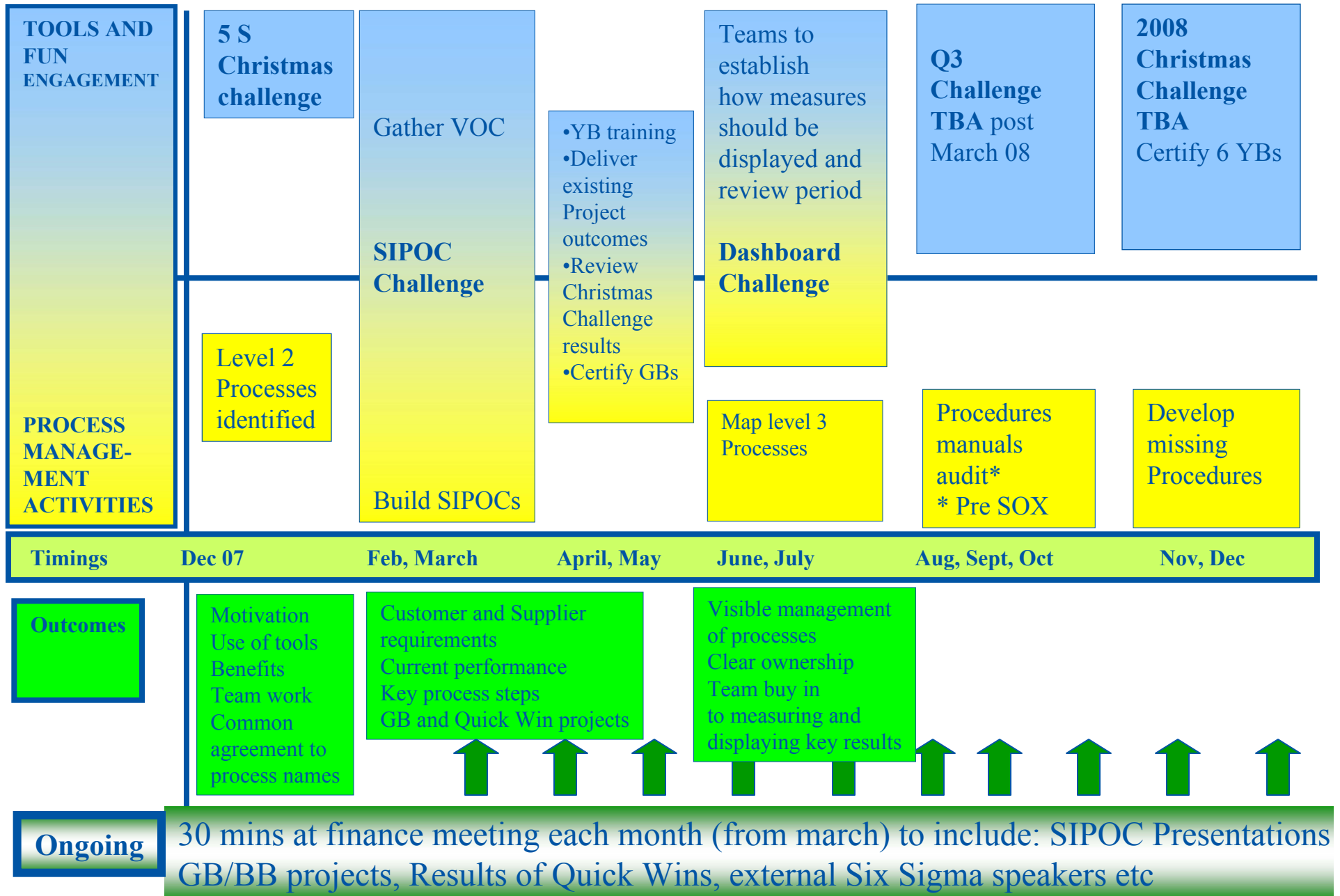
Different treatments for different issues

- Incorporate Process Management
- Set up the choices of appropriate ‘treatment/methodologies’ for types of problems
- Ensure Senior Leaders steer the program
- Use tools such as Five S to generate excitement and embed change



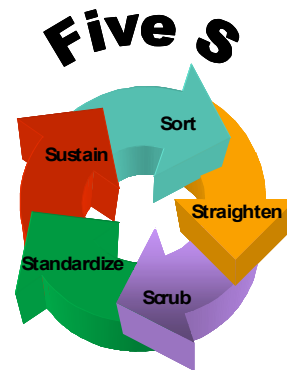
Key Principles in Positioning OpEx

Finance Transformation Plan 08



1. To decrease the amount of paper used from 90,000 sheets to.....(include your goal in your action plan)
2. Improve the 'look' of the work area
3. To eliminate redundant reports

The Goals for the 'Christmas Challenge'



What?

- A key OpEx tool
- Focuses on eliminating waste
- Helps optimise the flow of information
- Preparation for Quick Wins & OpEx projects in 2008
- Think “spring clean”

Why?

- Give everyone a chance to participate
- Reduce risk & increase capacity
- Create better working environment & reduce stress
- Eliminating non value added steps to improve the quality of service
- Identify improvement initiatives for 2008

What is Five S?

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BEFORE



AFTER

The results

look further
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Before



After

The results

What's the Problem & Goal?

(be as specific as possible)

Problem

The OpEx team only scored 40 points on the team 5S summary and it highlighted we waste a lot of time looking for information

Goal

To improve our physical environment so we can all find the documents we need in <2mins which will improve our 5S score



How are we currently performing?

(include graphs/data for performance over time)

TEAM	OpEx		
1	We can all find the electronic files we need on the shared drive within 1 minute without asking anyone	Some of us	5
2	We can all find the physical files we need within 2 minutes	None of us	0
3	We all have the equipment we need to do our jobs efficiently	Some of us	5
4	There is always enough paper by the printer and fax machine	Yes (all)	10
5	Everyone's desk clear each evening	None of us	0
6	All shared and personal email mailboxes within the allowed capacity limits	Some of us	5
7	We have up to date process and team information displayed centrally	None of us	0
8	We all follow the FAT principle (File it, Act on it now or Throw it away) with physical and electronic information	Some of us	5
9	If our top customer walked in now our team would feel proud of how our working environment is organised	Some of us	5
10	Each team member improved something in their own/our workflow this month	Some of us	5
Total Score			40

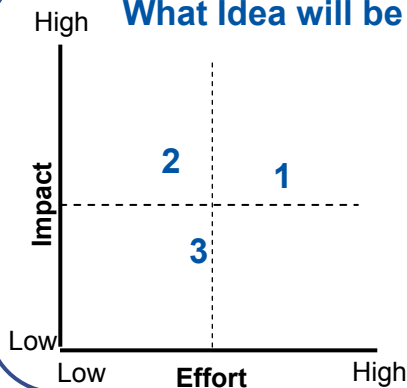


What are the root causes of the problem?

	The Root Cause is...	I know this because...	To fix this we could...
1	We haven't reviewed our procedures documents in >10mths	I've been in the team 10mths and it's never been done	Take 4hrs with the team to go through all the documentation together & get rid of out-of-date material
2	The OpEx drive is difficult to navigate	I often look in multiple folders before I find the document I'm looking for	Archive any document that hasn't been opened in >6mths and set up a new folder structure
3	As a team we don't prioritise using the FAT principle and often end up with lots of things on our to-do lists	My email in box is never less than 60emails and I've often got lots of "lists" that don't get completed	Arrange for time management training for the team and block 15mins in my diary twice daily to clear emails



What Idea will be implemented & why?



All items will be implemented within the next 10days – they will affect the total Team 5S Assessment score



Implementation Plan

(include how the process will be controlled)

Controls:

1. Include email volume "spot" check by manager in 1:2:1 catch ups
2. Schedule team 2hrs at end of every ¼ to archive files for all 2008
3. Complete Team 5S Assessment every ¼ to validate individual's sustained improvements



Less paper

Great motivation to keep the space looking nice

Great team work and continued better
relationships

\$ savings

Time savings

Better use of existing technology

Mindset of continuous improvement

Summary of benefits

The Goal

1. Everybody will talk the language of customers ie conversations begin and end from the customers perspective.
2. People will be thinking - continual improvement. A culture of continual improvement.
3. There will be less paper.
4. When changes are made, the improvements are locked in and don't slip back
5. Team will have a new set of globally recognized skills

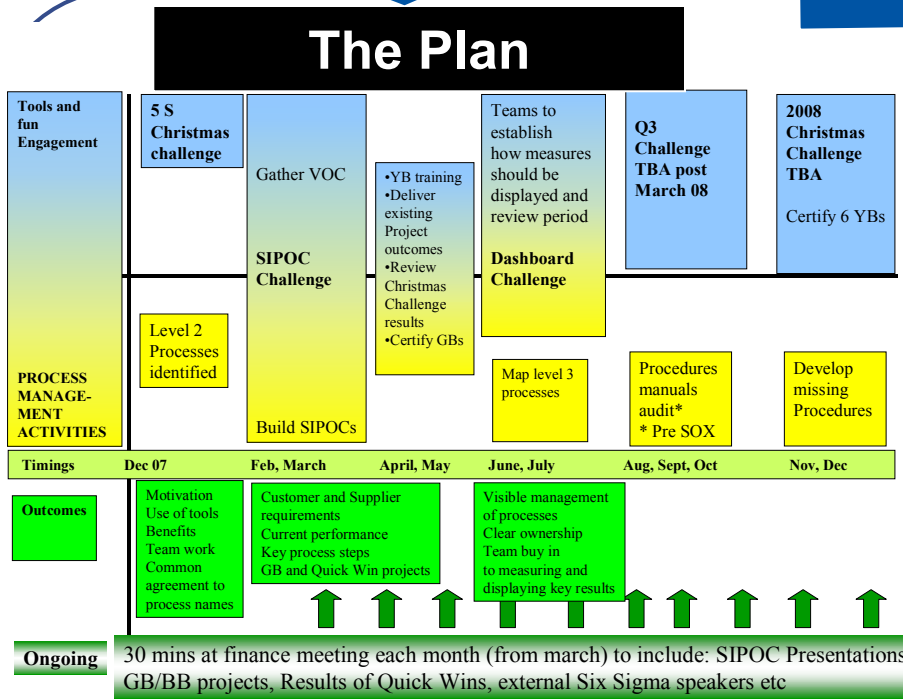
Engagement



- Christmas Challenge
- 90,000 pieces of paper used a month reduced
 - Work area clean and tidy
 - Involved all of finance team
 - Prizes for best improvements
 - Used 5 S tools
 - Created excitement, empowerment and pride
 - CEO and Marketing were part of the decision panel

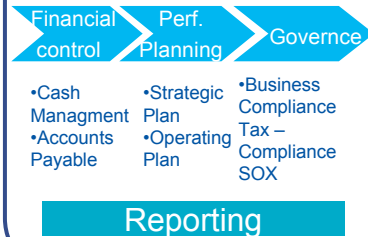


The Plan

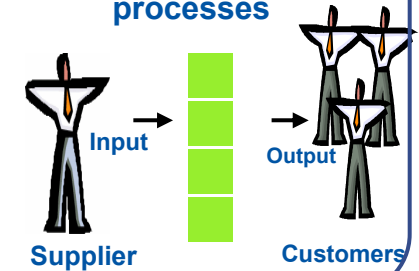


Sustaining change

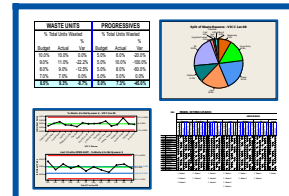
1. Name our processes



2. High level map of our processes



4. Monitor & manage process performance



3. Ask our customers what they want



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Communicate the successes

- Everybody will talk the language of customers i.e. conversations begin and end from the customers perspective.
- People will be thinking continual improvement & there will be a culture of continual improvement.
- There will be less paper.
- When changes are made, the improvements are locked in and don't slip back
- Team will have a new set of globally recognized skills

CFO's Objectives for Finance

- Completed 2 x Green Belt projects
- OpEx segment in monthly finance meeting
- SIPOC Challenge
 - What are the core finance processes
 - Baseline current performance
 - Collect VoC & measure the gap
 - Identify & initiate projects
- Initiated 1 x BB project

Six Sigma meets Lean

The Goal

1. Everybody will talk the language of customers ie conversations begin and end from the customers perspective.
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Engagement

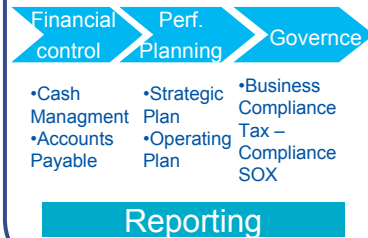


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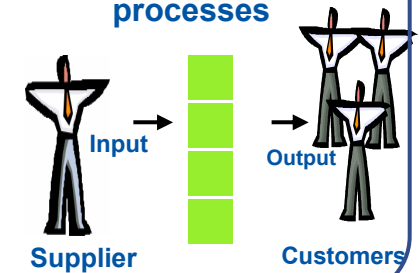


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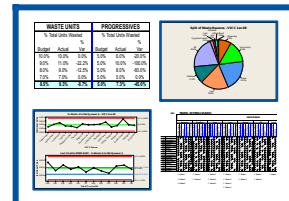
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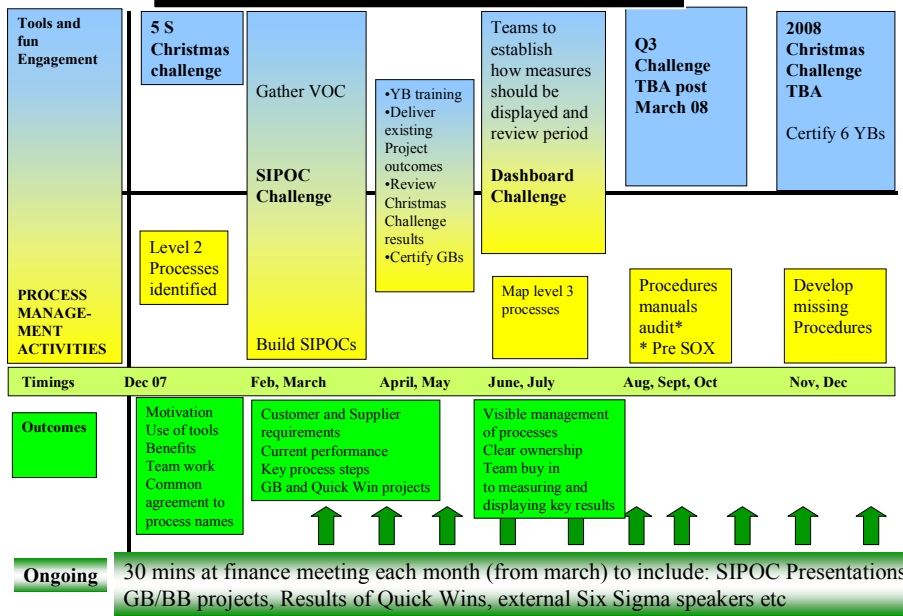
4. Monitor & manage process performance



3. Ask our customers what they want



The Plan



- Fit for purpose tools
- Lean and Six Sigma – it's all OpEx at Luxottica
- Permission to make change develops great excitement
- Can use tools in isolation to make change and invigorate (e.g. 5 S & SIPOC)
- Test in 1 area first with an enthusiastic sponsor and build a template for roll out across the organisation

Summary