Visual management – traffic lights

Everyone is familiar with how traffic lights work, few would argue that green means go, amber be ready to stop and red means stop. Traffic lights are used internationally from Calgary to Chattanooga. The familiarity is such that my 3 year old will shout "GO" at a green light and "STOP" at a red light.

Situation

This is a lesson I learned while working with a major client. The company was developing a new jet engine for Airbus. Developing jet engines is complicated with thousands of people involved, tens of thousands of parts and drawings to be produced and a supply chain involving 20 or more countries. To understand how the project was progressing senior management team used a traffic light system.

The Process

Each week the engine module leads and department heads would report project progress to the project executive. The same format was used for every group; a color coded spreadsheet would be projected onto a board. Projects on schedule were shown as green, projects at risk as amber and late projects as red.

To prepare for the meeting the engine module leads and department heads would hold the same meeting with their leads. Each team would systematically work though each major component, subassembly or design project stating progress. Progress would be coloured green, amber or red and if required corrective actions identified. This way project progress was cascaded in a consistent way up through the company.

Results

This process had two great advantages:

First and often forgotten is that management time is a limited resource. Here no time is wasted on projects that do not need management attention. Instead management get to immediately focus on the late (red) projects asking what was being done to return them to the project schedule and if they needed to intercede internally or externally. The amber project got less attention, management typically wanting to know if a recovery plan was in place or not.

The second advantage is that it brings a sense of urgency to the project teams. The teams are able to see immediately where they stand and if red was taking over the current status that change was needed to return to project schedule.

Overall the company completed this complex $1Billion project on schedule.