

# Learning Lean

## Cummins Helping Schools Get the Most Out of Funds

By Matt L. Ottinger

**C**ummins is globally known for its contribution to engine manufacturing and design. Headquartered in Columbus, the company serves customers in approximately 190 countries.

While its engines are known for efficiency, the organization itself has made monumental strides in operational productivity over the years – and is passing that knowledge along to Indiana’s education leaders. In a partnership with the Indiana Department of Education (IDOE), the school conducted a workshop in September 2011 attended by representatives from more than 25 school districts.

Mark Gerstle, Cummins vice president of community relations, explains that his company has a stake in the future of Indiana education.

“We just do not believe the attainment levels in Indiana, be it high school graduates or two- or four-year degree recipients, are anywhere near where they need to be,” he says. “We have to make sure we attract and retain the best talent in the world, and we need people in our region to be trained to work for us.”

### Waste elimination

Gerstle reflects that 12 years ago, Cummins declared a “war on waste” – a battle waged and won, he argues.

“We needed to get as efficient as humanly possible in everything we do so we could

free up a bunch of money to invest in the future,” he remarks. “We started doing Six Sigma in a major way, with the intention to drive out all variation and waste. We saw massive amounts of money – in the billions – that was freed up to invest heavily in the future. It really helped us as a company.”

Gerstle contends that Six Sigma has transformed Cummins and believes the approach can aid Indiana’s budget-crunched schools.

“We didn’t know what Six Sigma was until probably 2000, and we’ve gone from having 50 black belts in a pilot mode to the point where now at Cummins you can’t get certain jobs unless you’re a certified green or black belt,” he asserts. “We have thousands of projects going on around the company at any given time.”

He adds that discussions with Indiana Superintendent of Public Instruction Tony Bennett and other educators

confirmed the limits on education funding and that one focus needs to be on more efficient use of existing resources. Gerstle says the workshop was just the beginning of the process.

“We had a sign-up with IDOE, saying we’d take the first 25 to 30 schools that signed up to be representative school districts we will first work with,” he recalls. “It’s hard in a one-day workshop to give people a view of Six Sigma – what it is and what it’s not. So we gave them Six Sigma 101 training and some suggestions on different categories of what to work on. We’re now in the process of getting teams together, and data collection and analysis can take about 90 days.”

Cummins has already been providing similar training and assistance close to home for years, both for Bartholomew County schools (helping the district save \$6 million in a recent financial audit) and at Columbus Regional Hospital. Gerstle says that in schools, transportation costs and information technology are generally the areas where more efficiency is needed. He points out that when consulting with schools, the company offers advice on administrative functions but not classroom operations.



**Cummins is using Six Sigma principles to assist Indiana schools with operating more efficiently. While the company doesn’t evaluate classroom practices, it hopes the money it helps schools save on information technology and other expenses serves to enhance the learning experience.**

"We focus on the stuff people aren't very efficient at because it's not their core competency," he offers. "In schools, of course, their core competency is teaching. For Cummins, it would be research, development, manufacturing and sales of our products – not payroll or IT."

### In practice

Jim Halik, superintendent of the Community School Corporation of Southern Hancock County, was in attendance at Cummins' workshop, and the technology-related project he proposed at the meeting is now in action.

"An area of concern of mine is now that schools have lots of technology, how do we sustain it, maintain it and replace it (while facing) reductions in funds, and as monies continue to decrease?" he says. "We need to figure out how we're going to replace those technologies in four or five years if the Legislature isn't going to help fund schools to do this. How can we be competitive? That's what's key here. It's about the students, so when they get out into the workforce they're able to use those technologies."

He contends that the property tax caps passed in 2010 placed such a burden on school funding that districts like his are in desperate need of getting the most out of every dollar. Halik argues that schools now have less money to pay for the same expenses. Because of those restrictions, he says it's been difficult communicating that detail to Cummins.

"The biggest challenge so far that I've experienced in our three meetings (to date) is getting the private business sector to understand public business sector budget and finance," Halik



**By optimizing bus routes, schools save on fuel and transportation costs – some of their top financial burdens.**

notes. "How we do money is completely different than private business; there are very few parallels there.

"For example, one question that was asked was, 'When you request more money from the state, will they give it to you?' I had to laugh and say, 'We don't get to request that the state give us more money; we take what they give us. We use what we're provided.' If we want more money, we go to referendum, and you've seen how that's happened across the state. If referendums are failing and revenues are declining and the need for technology is increasing, through this project we need to find the balance between the two."

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## Funds Available for Innovative Approaches

**T**he Indiana Department of Education (IDOE) is offering a competitive grant to promote innovative programs in schools. The Innovation Fund, created by the Indiana General Assembly in the current budget, invited schools, districts, charter schools and other organizations to apply for a portion of a \$5 million prize (\$2.5 million to be allocated each year).

According to IDOE Senior Policy Advisor Will Krebs, more than 230 applications were submitted. He credits that to the criteria being less rigid than programs in other states or previous Indiana versions.

"I think a lot of states, including Indiana, have opportunities like this, but are more narrowed and focused," he shares. "So you might see classroom technology innovation sorts of programs or some specifically designed for afterschool programs. Whereas this program was a little more open, so you could take the approach of increasing the rigor of a curriculum via a system or design that wasn't prescribed by the grant program itself."

He contends that flexibility led to diversity in applicants. While 60% were from schools or school corporations, others came from outside groups, stakeholders and associations that might not normally have been eligible to apply. He adds there were some applications based on partnerships between

community groups, businesses and associations teaming with schools.

"I've seen a variety of approaches from businesses," Krebs relays. "I've seen matched funding and approaches where businesses offered letters of support (for the school's proposed program). We've also seen some applications stating, 'In this community, we have a strong economy based on a very specific industry – and our goal is to work with that industry to create project-based learning programs.'"

Ten recipients were announced in early February. Awards ranged from \$40,000 to over \$400,000 for both Warsaw Community Schools and Herron High School (Indianapolis). The other grant winners selected: La Casa de Amistad, INC (South Bend); Greater Clark County Schools; Wilson Education Service Center (Charlestown); Crothersville Community Schools; College Summit (Indianapolis); Evansville Vanderburgh School Corporation; Teach for America (Indianapolis); and North Montgomery Community Schools.

According to an IDOE statement, the 10 winners "represent the most innovative approaches to improving educational opportunities for Hoosier students."

**Resource: Will Krebs, Indiana Department of Education, at [www.doe.in.gov](http://www.doe.in.gov)**

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Despite his concerns, Halik is enthusiastic about the partnership with Cummins as his district and Zionsville Community Schools work together on this project. He notes that participants meet for one and a half hours every Monday morning.

“We’re sending Cummins our last six years of capital project budgets – every line item, and they’ll do an evaluation of our spending,” he shares. “Now, Cummins is going to come to our site and see what technologies we have and see how they’re funded and see the long-range plan for replacing those technologies.”

Halik considers it “a privilege” to be involved in the process. “I’m encouraged; two heads are always better than one,”

he surmises. “Sometimes you get trapped in your own way of doing things and when someone on the outside who’s an expert looks in, they’ll find a better, more efficient way. If there’s a better way, I want to know what it is. The door is wide open, and I’m excited to see this collaboration.”

### INFORMATION LINK

**Resources:** Mark Gerstle, Cummins, at [www.cummins.com](http://www.cummins.com)

**Jim Halik, Community School Corporation of Southern Hancock County, at [corp.newpal.k12.in.us](http://corp.newpal.k12.in.us)**