

Volume 13, Issue 06 □ **February 06, 2006**

Important Dates to add to your calendar...

- ❑ **Feb 14, 9-11 am HPM Employee Leveraging Tours:** Hammond Mfg Limited, Guelph. Host: Rick Bruder. Some seats available – first come. Register now with Nicole at 519-893-6260 or info@hpmconsortium.com
- ❑ **Feb 22nd 11:30-5:00 HPM Board Meeting** – Host: TBD. Agenda on the Web. Please RSVP
- ❑ **Feb 28, 9-11 am HPM Employee Leveraging Tours:** Tempress Limited, Oakville. Host: Dave Morgan. 12 seats only available – first come. Register now with Nicole at 519-893-6260 or info@hpmconsortium.com
- ❑ **Mar 9th 8:30-5 Introduction to Standardized Work** - A no-nonsense workshop based on the Toyota Production system's practices. Register www.hpsinc.ca
- ❑ **Mar 14, 9-11 am RESCHEDULED HPM Employee Leveraging Tours:** GE Inspection & Repair. TBD.
- ❑ **Mar 28, 9-11 am HPM Employee Leveraging Tours:** Velcro Canada, Brampton. Host: Stephanie Cirrilo. 12 seats only available – first come. Register now with Nicole at 519-893-6260 or info@hpmconsortium.com
- ❑ **Apr 11, 9-11 am HPM Employee Leveraging Tours:** Canada Post, Host: Arlene Yam. 12 seats only available – first come. Register now with Nicole at 519-893-6260 or, info@hpmconsortium.com
- ❑ **Apr 19, 12-3:30 HPM GMT Meeting.** Host TBD
- ❑ **Apr 25th 9:00-11:00, HPM Employee Leveraging Tours:** Host: Frank Dolinsek. 12 seats only available – first come. Register now with Nicole at 519-893-6260 or info@hpmconsortium.com
- ❑ **May 10th 8-5, Quick & Easy Kaizen,** with Chuck Yorke, Location: Cambridge Hilton Gardens Inn
- ❑ **June 12-15th, Second Canadian Regional Conference... Kitchener-Waterloo Region Canada.** Consider accelerating your Lean Journey. Download from www.hpmconsortium.com – Click "Resources"
- ❑ **Jul 5th, 12-3:30 HPM GMT Meeting,** Host: TBD
- ❑ **Aug 23rd, 11:30-5:00 HPM Board Meeting** Host TBD
- ❑ **Oct 11th, 12:00-3:30 HPM GMT Meeting,** Host: TBD
- ❑ **Nov 22nd, 11:30-5:00 HPM Board Meeting** Host:TBD

1NE: Hammond Distribution Ctr - Aberfoyle

Location: Feb 14th, Hammond Mfg Distribution Centre
7 Nicholas Beaver road, Aberfoyle Site

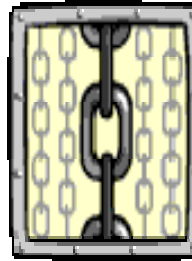
Coordinator: Rick Bruder, 519-822-2960,
Rbruder@hammfg.com

Time: 9:00 am –11:00 am

Registration: 1. Send names, title, phone numbers and email addresses to info@hpmconsortium.com. 12 Seats Register by Friday February 10th, 2006.

Tour Focus: Process efficiencies within the receiving, storage, picking and shipment phases

Input Appreciated: Possible improvement on the processes in these areas



AME/HPM June Conference takes aim at an Emerging Skill... Adding Real Value by Growing your Personal Knowledge Supply Chain – 1 Link at a time

A decade ago we talked about 'Networking' and many still do. In 2006, person-to-person networking has become so critical that it is increasingly referred to as "Building one's Personal Knowledge Supply Chain". When companies use the term, it contains the notion of establishing links with educational institutions to ensure an uninterrupted flow of 'new talent' and practical research.

Keeping it Personal

This conference is all about 'tapping people opportunities' to add to your own personal KSC (Knowledge Supply Chain). In 2006, getting the knowledge you need when you need it is not a trivial pursuit – especially for those serious about their career paths. We see the reason for these "Links" almost every day, as more people are recognized for their value-laden ability to contribute the right knowledge – at the right time - when it is needed.

The Case is Clear

Companies need to deliver more products and services faster, cheaper and with higher quality. In this kind of world – quick access to the right knowledge becomes a competitive advantage. Just ask the NA car makers who watch their competitors go from 'a-gleam-in-the-eye to delivery of their car in half the time. While the difference involves more than just knowledge availability - it is a key factor.

The Facts are Facts

Besides appearing to be aligned with clear logic and common sense, there is good evidence of the power of effective personal KSCs from the well known Bell Labs study. The purpose of that study was to determine what the differences were between

The Laws of Distance & Change

The Law of Distance

"The farther the demand for change is from the point of implementation, the greater the resistance."

The Law of Change

"The more complex the change, the greater the need to introduce it slowly."

their very 'best and great' people – and their 'good people'. The results showed that the only definable difference they could determine actually pointed to the **strength of their respective supply chains**. In simple terms, the outstanding people had detailed and lengthy personal KSCs which meant that when a project was initiated they could send out the call to their KSC for the knowledge they did not have at their fingertips. The result was that they were able to get productive more rapidly, and such things are easily noted when opportunities for advancement are considered.



Looking At Where we Live

When we examine what has changed over the past decade, has not the demand for more, faster, been front and centre for most of us?

Throughout this conference there will be a not-so-subtle theme of **"Adding links to your Knowledge Supply Chain."** And when you think of it – where else could you rub shoulders with practitioners and doers who are committed to making change in their own companies just as you are.

Making it Practical

No change that is sustainable can occur without leadership – AND – the knowledge to make the right change with the support of all is needed quickly because to build it into the culture will take time and leadership as you develop the followers required to achieve the buy-in and ultimate success.

So What Does That Mean?

It means turning casual and nebulous networking into a defined process. And there is such a process that you can start today as you prepare for the conference in June – you don't need to wait. Here it is.

1. **PLAN: Begin with an end in mind** (Thank you Dr. Covey) by becoming convinced that there is indeed a need to grow your KSC
2. Read slowly and carefully **the thinking involved in the January 23rd HPM Weekly Update's** article on **"How to get the best out of any conference"** (Download from www.hpmconsortium.com under 'Resources')
3. **Identify what you want to get out of the conference and especially the knowledge you want to take away...** from folks who know much more than you do - and who could be your future resource as a link in your KSC

4. **DO: Go to the conference** with lots of business cards and a 'padfolio' – or the Conference's **Learning Journal** to take notes (The Conference is looking for a sponsor right now)
5. **Begin with deadly intent** to seek out those who are 'in the know' in the areas in which you need support
6. **Don't be shy** about walking up to anyone of interest – whether they be a keynote speaker or part of a presentation team in the Best Practices session
7. **Tell them how much you valued their contribution** and get a discussion underway that concludes with a business card or at least a phone or email address
8. **CHECK:** At the end of the event and compile your 'golden links' to your Knowledge Supply Chain and put them in order
9. **ACT:** Within two weeks of the event call them and express your appreciation for having met them and ask them for something simple – such as what resources, books etc. would they recommend
10. Number 9 is actually the 'setup' – What you are really doing is ensuring they will remember you when you call for a critical piece of information that they may be able to provide straight from the shoulder.

What you are really doing is establishing links to the knowledge you will need in future. Hence, when your organization needs new knowledge you will know where to go to get it, and in a heartbeat deliver it faster than anyone else.

That will certainly in no way cause harm to your career path. If all this makes sense – why not start deploying a derivative of this process today? Begin practicing by following the spirit of the 10 steps above. Life is long, and having a Personal Knowledge Supply Chain can certainly equip you to make the journey a lot smoother and more rewarding – especially over the rocky parts.

Law of Expectation

- **You don't always get what you want**
- **You don't always get what you need**
- **You usually get what you expect**

...thus the saying - expectations generate reality

Here's a note from Dan Jones – the keynote from the Toronto Lean Conference, and Jim Womack's partner who runs the Lean Academy in the UK. His topic will impact us as most of his does – this week it is "Breaking Through to Flow." As always – thank you Dan for sharing your insights and those of LEI with us.

Dear Dave,

The other day I began a speech to a leading supplier of medical devices by congratulating them on the absolutely level demand for their products from existing users and on the steady growth in the number of users. The audience laughed when I asked whether this meant they could plan ahead and never needed to change their plans at the last moment! Like most companies they change their plans every day, and sometimes several times a day.

They nodded in agreement that they and not their customers are responsible for the chaos these short term plan changes cause throughout their extended production and distribution system. The good news is that they ought to be able to do something about it themselves. The bad news is that if their customers knew how much extra cost this chaos causes they would be very unwilling to pay for it! The truth is that they, and many others, are still struggling to understand and deal with the underlying causes of the chaos they are dealing with. It is in fact an obstacle to their taking action to go lean.

The chaos actually begins at the customer interface. In this case the product is part of a diagnosis and monitoring process to manage a medical chronic condition. Mapping the consumption process to obtain repeat supplies will reveal opportunities for saving wasted time for the patient and for the doctor.

Mapping the way the product is ordered and delivered will reveal further opportunities for cost savings and for improving the prospect of your product being chosen rather than those of your competitors. Frequent replenishment will reduce inventories and improve availability while at the same time smoothing order signals. This analysis is too important to be delegated to a distributor or wholesaler.

This chaos is then passed up the value stream towards production. In this case it takes over 200 days to reach the doctor through several decision points. Why? I am always struck by how little production people know about what happens down the distribution chain. They do not know how long the chain is, what happens closer to customers and how well the overall system fulfils customer demand. The shocking thing is that it is always longer than you imagine and levels of fulfilment from the customer's perspective are surprisingly low, despite all the inventories in between. This is a sure sign that no one is responsible for redesigning the end-to-end value stream.

But the real culprit that is causing most of the chaos in production is the fact that our planning systems are driven by batch logic (based on economic order quantities) which depends on perfect information. We also believe we must plan every event for every product in the same way. Every time things go wrong we make a new plan and when this does not work we change it again and again. As a result fire-fighting is endemic and production efficiencies are significantly degraded.

A way out of this dilemma is to recognize the damage being done by this batch logic and to learn to see that you can in fact quickly create stability and flow for the few high volume products which account for much of your output. These need to be managed separately from the tail of build-to-order products with low volume and unpredictable demand.

Begin by creating a replenishment pull for these high volume products, absorbing demand variation in a finished goods buffer stock and initially producing them on a fixed volume, fixed sequence cycle. This creates the stability necessary to start down the lean virtuous circle of standard work and continuous improvement. It also allows much faster progress in improving equipment availability, shorter changeover times and integrating production steps into a continuous flow. Over time speed up the cycle, reduce batch sizes and incorporate more products into this flow, and as your capabilities improve vary the volume and the sequence to more closely mirror daily demand.

This path very quickly leads to increased output, near perfect on-time deliveries, much higher employee involvement in continuous improvement and it can be replicated up and down the value stream. You are no longer producing to forecast and no longer need so many planners to rejig the schedule for most of your production. And you will discover that true responsiveness comes from establishing stability and increasing the rhythm throughout the value stream, not from changing plans all the time. Chaos is not inevitable and can be conquered.

We have seen this work in so many different environments where you have a complex mix of products with variable work content or production volumes; from separating different types of service jobs in a car service shop to dealing with different types of insurance claims to separating simple routine from infrequent and difficult operations through hospital theatres.

Ian Glenday has now written a workbook to enable everyone to try out this method, called *Breaking Through to Flow*. This is our first LEA publication and I am confident it will help many of you take the next leap on your lean journey.

Yours sincerely, Daniel T Jones, Chairman, Lean Enterprise Academy

PS. The **Breaking Through to Flow** workbook is now available at www.leanuk.org

Note of interest, the application of Lean in Healthcare appears to be picking up speed as Dan's Lean Healthcare Network meeting on 25 January was a sell-out and if you are interested you can find the slides on his website.