

**Volume 13, Issue 17 ☐ April 24, 2006**

Important Dates to add to your calendar...

- ☐ **April 25<sup>th</sup> 8:00 am – 4:00 pm AME CDN Region Leadership Forum.** Host: Magellan Aerospace – Orenda facility. Register online at [www.ame.org](http://www.ame.org)
- ☐ **Apr 27<sup>th</sup> 9:00-11:00, HPM Employee Leveraging Tours:** Host: **Frank Dolinsek.** 12 seats only available – first come. Register with Nicole at 519-893-6260
- ☐ **May 2<sup>nd</sup> 12-4pm, HPM GMT Meeting** – Host: Hammond Mfg Ltd. HPM Board Members invited.
- ☐ **May 5<sup>rd</sup> HPM Health & Safety Forum... details to follow** – This forum rescheduled from last fall. The agenda is being confirmed now. To suggest agenda content - email [info@hpmconsortium.com](mailto:info@hpmconsortium.com)
- ☐ **May 10<sup>th</sup> 8-5, Quick & Easy Kaizen,** with Chuck Yorke, Location: Cambridge Hilton Gardens Inn
- ☐ **May 17<sup>th</sup> HPM Board Meeting** Host: Bird Packaging
- ☐ **June 12-15<sup>th</sup>, Second Canadian Regional Conference... Kitchener-Waterloo Region Canada.** Consider accelerating your Lean Journey. Download from [www.hpmconsortium.com](http://www.hpmconsortium.com) – Click "Resources"
- ☐ **Jul 5<sup>th</sup>, 12-3:30 HPM GMT Meeting,** Host: Mancor, Speers Road facility, Oakville
- ☐ **Aug 23<sup>rd</sup>, 11:30-5:00 HPM Board Meeting** Host: GE Multilin, Markham
- ☐ **Oct 11<sup>th</sup>, 12:00-3:30 HPM GMT Meeting,** Host: COM DEV Space, Cambridge
- ☐ **Nov 22<sup>nd</sup>, 11:30-5:00 HPM Board Meeting** Host: Hammond Power Solutions, Guelph
- ☐ **Nov 29<sup>th</sup>, 8:30-4:30 HPM Share Showcase** – See the diversity & harvest innovative ideas from each HPM'er

## The Future is Sure Not What it Used to Be!

There are things afoot in our world... time perhaps to read some of the disquieting perspectives since one never knows where the next idea - or major challenge - will come from. **The AME Conference in Dallas this fall – identifies 6 revolutions that are making life anything but easier for manufacturers.** The following is more than just a tad challenging but we'll let you be the judge of that.

**The book is "The Law of Accelerating Returns"** by Ray Kurzweil [Thanks to Ben H –a knowledge supply chain link] *"An analysis of the history of technology shows that technological change is exponential, contrary to the common-sense "intuitive linear" view. So we won't experience 100 years of progress in the 21st century -- it will be more like 20,000 years of progress (at today's rate). The "returns," such as chip speed and cost-effectiveness, also increase exponentially. There's even exponential growth in the rate of exponential growth. Within a few decades, machine intelligence will surpass human intelligence, leading to The Singularity -- technological*

**"Employees have to feel the rewards that go with winning in their soul as well as their wallets."**

Jack Welch, GE

*change so rapid and profound it represents a rupture in the fabric of human history. The implications include the merger of biological and non-biological intelligence, immortal software-based humans, and ultra-high levels of intelligence that expand outward in the universe at the speed of light."*

*"Ray Kurzweil is the best person I know at predicting the future of artificial intelligence. His intriguing new book envisions a future in which information technologies have advanced so far & fast that they enable humanity to transcend its biological limitations—transforming our lives in ways we can't yet imagine."*

–Bill Gates

<http://www.KurzweilAI.net>

Source: The quote is expanded upon at this website. <http://www.kurzweilai.net/articles/art0134.html?printable=1>

... Now - if you really want to get unsettled and contemplative... check out [www.7revs.org](http://www.7revs.org) but do it slowly there is much to absorb on this site run by the Centre for Strategic International Studies (CSIS)

## Health & Safety Roundtable - May 5<sup>th</sup>

**Our Host: COM DEV**

**8:30-12:15 – Let Nicole know by May 3rd  
A half-day of mutual value for HPM H&S Officers**

This half-day Roundtable is for HPM H&S Officers and Professionals who would like to:

- Hear from each other what practical approaches each are actually taking to build a Safety Culture
- Meet, and learn where each member is currently – and what we could exchange
- See if there would be value in a 'Special Interest Group' for HPM H&S folks... and if so, what would it look like for busy people

**The format:** This first Roundtable/Exchange will be an informal conversation/exchange among members, with Bill Malus & Dave Hogg facilitating. Heavy preparation is not required – if you are bringing something to share, please bring 15 copies.

**Agenda:** Following the opening remarks, Bill Malus will share the data gathered to date showing how impressive gains in culture change occurred at GE. Each member to share with the group (using what ever means they wish):

- Their company's current vision
- An overview of current issues & challenges
- What they've had success at & the current trends

An open discussion will conclude the session by 12:15.

**Announcement: Change To  
LEANLEADERSNIGHT****Global Competitiveness – 2006****...A Leader's Conversation**

Two international experts to add  
to your Personal Knowledge Supply Chain

**DAN JOSEPH**  
Managing Director, ESS China

**GEORGE KOENIGSAECKER**  
President, Lean Investments LLC, Iowa

This program has been revised due to a personal matter which prevents Jim Womack from being with us for this event. However, **Jim will deliver his Conference - Opening Keynote as planned on Tuesday June 13<sup>th</sup>.**

The **LeadersNight** is a conversational exchange on two key Global Competitiveness issues - **CHINA and LEAN**. Two international experts can assist you in assessing if your home operations are up to the global task ahead. This program is designed for those Senior Leaders – and their Implementation Champions – who are faced with the choices which must be resolved to determine the right direction for the companies they lead.

Direct from China, **Dan Joseph, Managing Director, ESS China**, will provide Leaders with a clear perspective of the dangers & opportunities in working with China. Dan was outstanding during the Larry King "Great China Debate," delivered in Cincinnati last year, that involved the US Government's advocate for small business, plus corporate leaders, including the individual who installed Honda's North American Supply Chain as well as John Deere's. **Dan, and Jim Womack, will kick off the conference on the following day.**

Providing proven practical insights is a "**Leader's Leader**" in Lean - **George Koenigsaecker, President of Lean Investments LLC**. George served as the past president of the Lean-pioneering HON, Danaher, and Jake Brake corporations - all names that are rooted in the launching of Lean in North America. George also served as Group President for 11 corporations. He is a force for the implementation of the new Lean Certification Program and consults internationally.

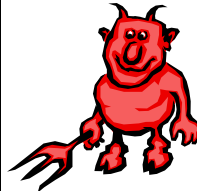
Moderating this informal conversation will be **Author, AME Chairman, & Plant Manager for Wiremold's Legrand Operations in Connecticut, Tony Laraia**.

Thanks  
To....



**"It is shocking to have your life's work reduced to a tenth of a square inch of silicon."**

J. Presper Eckert - Reflecting on his invention of the ENIAC - the first practical, all-electronic computer.



## Four Curses

... this issue's insights from our  
Colleague & Mentor...

**Dan Jones**, Chairman  
Lean Enterprise Academy

Dear Dave

I breathed a huge sigh of relief the other day. We found a bookkeeper to manage the accounts for our rapidly growing business! Lizzie, my Operations Director, and I concluded that we were temperamentally unsuited to the task. Now she can spend all her time managing our busy schedules, workshops and conferences. I can do more useful things between assignments.

It is amazing how we let our lives get sidetracked from the things we know we ought to be doing, by numbers that tell us to do the opposite. Yet we often feel powerless to change the root cause of this conflict so we can get on doing the right things. Here is my initial list of common curses – I am sure you can think of more.

**First come forecasts** – which are always wrong, including my own! In this day of electronic point of sale and the ability to transmit real sales data upstream almost instantly, why are we still using forecasts? I so often find that delays in the information flows back upstream are longer than the physical flows. If only we could see how information gets hopelessly distorted the more hands it passes through and the older it gets. Would we act this way if information began to rot like a dead fish?

The answer is not as simple as saying we are only going to react to sales data as they happen. We need to take account of changes in trends and to cover a degree of anticipated fluctuation in real demand. In most cases real end-customer demand is actually very stable and the degree of variation for our high volume products and services is actually quite small. So we ought to at least be able to modify our production plans based on rapid feedback from real sales data as they happen. Our model ought to be picking exact quantities of fresh vegetables in the field today for sale in the store tomorrow, based on the weekly pattern of sales and today's sales data.

**Second is the curse of Economic Order Quantities**. This algorithm is the second source of noise in our information flows. Yet the more we learn about managing lean supply chains the more we see that big batches create extra costs elsewhere in the value stream and lead to chronic

*"Leveraging learning for customer success"*

Making World Class Make Sense

instability – which in turn causes fire-fighting, expediting and chasing. The world of perfect information and everything always going according to plan simply does not exist. Batching activities separately across a value stream simply makes things worse as their impact is amplified.

Aligning batch sizes for volume products to daily or at least weekly demand makes flow possible and creates the stability for ongoing continuous improvement. Make low volume products to order separately. The same is true in distribution – picking up and delivering small batches of more products from more suppliers on milk rounds turn out to be cheaper than waiting for each supplier to fill a truck with their own products. How much noise do your systems create for your suppliers?

**This leads us to the third curse, chimney costing within a department or function.** This assumes that by keeping every activity busy by ensuring there is always work waiting to be done, we optimize the utilization of every asset, department, and piece of equipment or truck.

Simply calculating the OEE (Original Equipment Effectiveness) reveals that it actually results in much poorer utilization. By concentrating on all the causes of interruption in order to synchronize one step with another and create a flow, we end up with much higher utilization. We are also beginning to optimize the end-to-end flow of value creation and not optimizing each activity in isolation.

**This leads to the fourth curse, standard costing.** Just looking at the costs of direct labour and slow freight has led to many mistaken location decisions and much longer supply chains than we needed. If we look at all the costs associated with the end-to-end value stream, including all the costs of managing variation, we would take very different decisions and have much more effective supply chains. And we would not be wasting so much of the world's energy resources and causing so much pollution!

***Challenging these familiar but mistaken rules of thumb will help us do the right things for our customers, our supply chains and our organisations.***

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

**For those of you interested in Healthcare – check out the [www.leanhealthcare.uk](http://www.leanhealthcare.uk) to find a series of articles by Jim Womack and others which you can easily download. Dan's team is delivering the second Lean Healthcare Forum in the UK. It is taking place on **June 6th** in Birmingham and is sold out already. It is focused on designing end-to-end patient flows. If you are interested please check the full details on Dan's new web site [www.leanhealthcare.org.uk](http://www.leanhealthcare.org.uk). He is following these by public workshops on **June 7-9th**, details on [www.leanuk.org](http://www.leanuk.org).**

**PS.** For those who are beginning to understand that **Lean is only the beginning battle in our attack on**

**competitiveness & ultimately survival**, the next **Frontiers of Lean Summit** will be on **November 20 and 21, 2006** near Warwick, UK. Many of you know **Jay Myers, the Chief Economist for the Canadian Manufacturers and Exporters...** but how many of you know he was working at the University of Warwick setting up 'Consortium-style' relationships with area manufacturing companies in the '80's??

## Courses for Lean Practitioners

### 1) AME Leadership Forum – This Tuesday

This Tuesday's Leadership Forum still has room for those looking for practical Leadership perspectives. It is one in a continuing series that features the chance to hear 2-3 local 'Leaders' sharing noteworthy achievements. Adding to their message is a tour of a progressive company to bring reality to the implementation.

This is the 4<sup>th</sup> forum like this over the past 3 years, with this one showcasing **Tony Kerwin, GM of Blue-Bird** in Brantford – and **Barry Wood, President of CFN Precision**. The first presentation is delivered by your Weekly Update editor who will be describing the current leadership trends noted across Canada from a Lean perspective. Following the three sessions, attendees will tour **Orenda Aerospace** who will share their Lean journey including visual factory initiatives as well as some of their visual mgmt techniques. **To Register: [www.ame.org](http://www.ame.org)**

### 2) Quick & Easy Kaizen – May 10th

This is a more expensive workshop because it draws leaders from outside Canada. However, it does provide proven tools to put to use right after the session.

**Who For:** This is recommended as a consideration for members who are at the stage of wanting to implement a Continuous Improvement program that **has employees defining and implementing their own ideas**.

This one is based on the belief that "doing 1000 things 1% better is far better than doing 1 thing 1000% better." This outstanding program enabled Technicolor to go from 217 improvements to over **30,000 in 2 ½ years**.

It is the kind of program that will complement the work underway in the consortium, with support coming from other members as the approach takes root in your operations. The person delivering this session, Chuck York, was ranked #1 of all the 32 best practices delivered in Edmonton last year. This was done while he was Director of Operations of Technicolor. Since then he has been delivering the 'Technicolor' story as part of his consulting practice.

This course provides the best seller, "**The Idea Generator – Quick & Easy Kaizen**" by Norm Bodek, to each attendee. This reference book is appropriate as it was Norm and Chuck who completed the transformation at Technicolor. For more information you can go to [www.hpsinc.ca](http://www.hpsinc.ca) – **and to register as well.**

