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**“When there is no faith in the future,
there is no work in the present.”**

Bob Kerr

Calgary Lean Excellence Conference

Important Dates to add to your calendar...

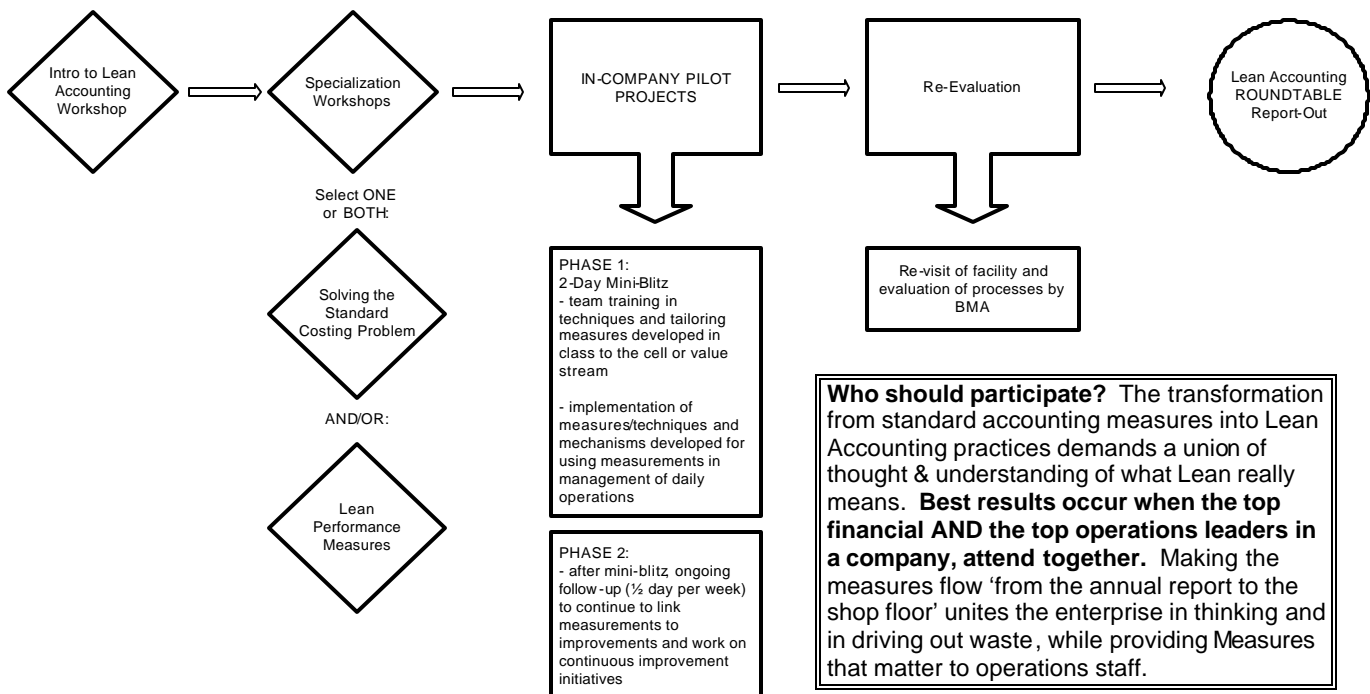
- **Apr 27&28, AME/HPM Intro to Lean Accounting 1.5 days.** This fall... there will be a “Lean Accounting Roundtable.” We’re looking for HPM’ers & Weekly Update readers serious about implementing LA. If interested, attendance at this session is a prerequisite for being a “Pilot Site.” dhogg@netcom.ca for info.
- **May 12th, Consortium-to-Consortium Phone Exchange** HPM will continue chatting with ‘consenting consortiums’ from Newfoundland to BC to exchange ideas on best practices, etc... Calls to Nfld, MB, Sask, and BC are planned, with more to come. dhogg@netcom.ca or call 519-893-6260.
- **May 12th, AME Practitioner Series: Lean Implementation & Tour of CGL Mfg. Guelph.** For full details, contact Barb Jacklin at: 905-681-6039 – or by email at bjacklin3@cogeco.ca
NOTE: HPM Members get AME Member Rate

- **May 18-20th, AME Leadership in Manufacturing ... How the Best Plants Do It!** AME Conference with **Industry Week** Magazine features top “America’s Best Plants Competition” winners – including Guelph’s Collins & Aikman. Check out www.ame.org
- **June 13-18, CME Innovation Insights Int’l Tour Germany: Booking now** – visit leading plants in automotive, machining and electronic technologies who employ from 320 to 8,000 employees. Each year participants can set a value measure for a return of ten times the total cost of travel, accommodation and time away. This is a ‘harvest Best Practices’ mission with 20 Canadians from across the country. Interchange with them alone is of high value. **Call 800-999-4129** and ask for information on “**Best Practices Mission to Germany.**”

The Lean Accounting Session Filling Nicely... Over 20 people have now registered. They are providing a unique opportunity for HPM and AME member companies to acquire the know-how needed to protect their lean investments. As of Friday night, folks from **Ontario, Pennsylvania, Missouri, Washington, California, Arkansas, and Manitoba** will be coming together on April 27th & 28th from companies such as **Willow, Magna, Canada Post, Ominglass, American Greetings, Rontec Power, Karges, Giddens, Agile Manufacturing, Asko Inc. and Stack-A-Shelf.**

Below is: The master plan for companies willing to be a “Pilot Site” to implement Lean Accounting. This strategy enables early adopters to obtain the consulting, training, and coaching needed to implement Lean Accounting – not only in the finance department... but right down to the shop floor where HPS’s Scott Smith will be working with shop floors to provide a seamless roll out of the measures where the value is added – and do it in a meaningful and visual way.

Fall 2004



Who should participate? The transformation from standard accounting measures into Lean Accounting practices demands a union of thought & understanding of what Lean really means. **Best results occur when the top financial AND the top operations leaders in a company, attend together.** Making the measures flow ‘from the annual report to the shop floor’ unites the enterprise in thinking and in driving out waste, while providing Measures that matter to operations staff.

Listening to the Winners America's Best

Plants Competition – Hear winners May 18-20

Some of you may recall Medtronic Xomed's Gerry Bissett's presentation at the MeasureUP for Success conference last year and were no doubt as impressed by their down-to-earth approach as we were. Here are some insights into their thinking from which came their win...

First, we had people who are passionate about success (change agents) . . . beyond what most people think is possible. When you're dealing with problems and headaches, the "dream" of what we were trying to do carried us through. Make people read, make them learn, make them do things they think are stupid, but look for those willing to try something new. Then turn them loose to go after the dream.

Second, give people success. Everyone loves a winner. 5S is a good place to start because it's easy, but also because it makes a statement. The general populace sees things changing and may not understand why, but they know something "different" is happening. It also gives the "true believers" something to point to and say "Look what we did" that no one can dispute. We also picked a line to pilot -- we saw results early and knew we could do it -- that provided momentum as we added new elements.

Third, get rid of the 'concrete heads.' This doesn't mean they can't be productive members of the company or organization, but they need to get out of the way of the change agents. Everyone says you need to get rid of them sooner; we said the same thing too. But because we took some time with this, we also had a strong group of believers, and those who made the decision not to participate, are no longer with our organization.

Four, make a decision and stick to it! Too many people don't know how to make a decision. On April 26, 2000, we decided we were going lean one way or another, and there was no turning back. At that point we stopped "dabbling" in lean and went after it and got some tremendous results. It was no longer a question of "if" but "when"? It's easy to say we'll try it "here" for "this long" or "we'll see what happens." Those are phrases of someone who is sitting on the fence.

Five, secure buy-in throughout the organization. At Medtronic Xomed, we had a vice president of operations both pushing us to change and providing "air support" so that when things went bad, there was backup to protect the effort. You have to have an executive sponsor who is in a position, and is willing to take the heat and push you harder.

Six, crises help, but we didn't have one. In some ways, it would have been nice to say, "If we don't do this, the world will end!" But it wouldn't and it didn't. So someone has to provide a compelling reason why it has to be done: a crisis, to make history, to do something no one else has done. There has to be a compelling reason because when the chips are down, and no one is helping and it doesn't seem like you're getting anywhere, it will keep the passionate people together.

Seven, stand by for heavy rolls because the ship is going to rock. You've just upset the apple cart, and a lot of people aren't going to like it. Expect resistance but keep an

unwavering focus on the ultimate goal. Maybe it's the guy whose organization got smaller or the project that was cancelled. Or maybe "operations" is going to get all of the recognition. Whatever the reason, people will resist. We (the plant team) have been accused of being too focused, too one-dimensional, too good, not good enough. Whatever comes up, you must have the persistence to see it through.

And finally, have fun. Take pictures, celebrate success, talk about it and sell it to whoever you can. Invite people in to see what you're doing. Go for an award. One way or another, you have to remember where you came from so you can figure out where you're going. Showing other people, teaching other organizations, helps you to remember what you went through. And that gets people fired up. -- **Medtronic Xomed, Jacksonville, Fla.**

Jim Womack – on "level loading & smooth pull" – new book coming..."

Dear David,

Many years ago in Toyota City I first witnessed the twin concepts of level production and the smooth pull of needed items throughout a complex production operation. My education occurred at a supplier of components to Toyota assembly plants that had created a small and precisely determined inventory of finished components near the shipping dock. (And I had thought Toyota suppliers in Japan had no inventories!) It used the finished goods inventory to decouple itself from any day-to-day and hour-to-hour gyrations in Toyota's demand as expressed through frequent deliveries of kanban. (And I had thought that there were no fluctuations in Toyota's demand!)

My guide explained that the supplier had carefully calculated Toyota's average demand for components, by total volume and by mix within this total, and was running a level production schedule at the pacemaker process (which was component final assembly). Placing a precisely calculated amount of inventory at the downstream end of the facility effectively created a sea wall that protected all of the up-stream production operations from disruption by sudden waves of demand. This permitted internal inventories at every point in the process to be very small, leading to low total inventories in the plant.

My guide also pointed out that information management was "reflexive" in the sense that each step in the process simply signaled its immediate need to the next upstream step in the process. There was no need to send information to a "central brain" in the form of a computerized Material Requirements Planning (MRP) system that could then tell every process step what to do and when. The analogy he used has always stuck with me: "When you put your finger on a hot stove, do you send information to your brain that this is a stove, and that it is on, and that your finger is starting to smoke, so maybe you ought to remove your finger? Or do you let your reflexes pull your finger away without bothering your brain? So why are you using a brain to manage demand information in your factory when your reflexes can do a better job by simply pulling needed materials from the next upstream process?"

Because the operation was so precise, total inventories were so small, and the logic of the concept was so compelling, I imagined that it would be only a short time before every production facility across the world converted to level pull. I was wrong! As time has passed I've realized that many aspects of lean thinking are easy to implement. But this has not been one of them.

Thus I was enormously pleased last week when I visited a plant in a tiny Mexican town far south of the border and saw a level pull system in operation that would be right at home in Toyota City.

This facility had:

- Analyzed actual customer demand, based on orders over the past several months, so it could stop using weekly forecasts & daily ship orders to schedule the plant
- Calculated an exact finished-goods inventory level for each product, consisting of cycle, buffer, and safety stocks
- Leveled the final production schedule, by volume **and** mix
- Identified a pacemaker process (component final assembly) as the single point to schedule each product family value stream
- Delivered material to final assembly while taking away finished goods by means of a fixed-time conveyance route responding to kanban signals.
- Established markets in front of upstream processes with small amounts of inventory
- Utilized signal kanban to trigger production in upstream batch processes (such as molding and stamping)
- Implemented kanban signals and a second conveyance route to deliver materials, tools, and instructions to upstream processes
- Created a purchased-parts market with a Plan for Every Part, with precisely calculated inventories of every purchased item and kanban signals for re-ordering.

As I drove away I realized that if these techniques can work in this remote location and if they are now spreading this far, there must be a widespread willingness today to make the level pull transformation I anticipated years ago.

What's mainly needed, I believe, is a clear recipe in simple language that shows managers step by step how to make the leap. I'm therefore delighted that LEI is publishing a new workbook on April 1 -- appropriately titled "**Creating Level Pull**" -- that does precisely this. I have asked Toyota veteran Art Smalley to write it and I believe it will speak directly and clearly to the immediate needs of the Lean Community. Please visit www.lean.org for details and to order. I'll be anxious to hear your reactions.

Jim Womack, President & Founder, LEI

[Contact Gail at www.ocapt.com for the book]

Get Ready for May... 3 Top Best Practice Sites

- Genum Corp**, 9:30-1 pm, Lunch, Burlington
- CTS Canada**, 9:30-1:30pm, Lunch, Streetsville, top rated site at the Largest Lean Conference in NA...
- CGL Mfg.**, 9:00 to 1:00pm, Guelph, Lunch,
- All 3 Focus on Continuous Improvement – Call Innov. Insights at 800-999-4129 to register ASAP.**

Sustaining excellence ~ The simple, but global, challenge facing us all

At **Mancor's Speers Road facility** this week, some simple lessons were visible as the HPM Quick Lean Diagnostic was executed. Here are some observations from a facility that continues to transform itself:

- 1) **Keep it simple, say it simple, say it often:** We respond to visible cues in our environment. By limiting them to key behaviors that are important to our customers and ourselves, folks gradually move to the same page
- 2) **Location of the Red Tag Area:** Mancor puts it **right up front where you can't help but see it**. It's a constant reminder- and it gets action as it subtly, and constantly, reminds us to keep our work area professional
- 3) **'What gets measured gets done ~ so keep them seen'**. You cannot enter the plant without encountering the performance measures – by customer - which are delightfully 'in your face'.
- 4) **While instilling/imbedding a process - say it often...** the following 5S are to be seen throughout as is the problem solving/continuous improvement mantra based on **PDCA**. **And it is exactly 'layered' to the training folks get.**
- 5) **When your vision is to be "Always Tour Ready" – when do you clean up?? Answer: You can't let it get dirty in the first place - as cleaning becomes part of the real work you do every day... it is just part of the process of winning.**
- 6) **More to come...** Mancor has a **visual maintenance department** packed with a ton of neat ideas... right down to the mouse bait!... more to come.
- 7) **Involvement instills Ownership** – The entire management team is involved, they take it personally, and they're proud of it

MANCOR SPEERS – 5S VISION

~ Always Tour Ready ~

- Everything Has A Place
- Everything In Its Place
- Easy To Clean
- Easy To Find
- No Secrets
- No Waste
- No Extras
- No Injuries
- Self Auditing

SORT: Eliminate everything not required for the current work Leave only the bare essentials

STRAIGHTEN: Arrange items in a way that they are easily accessible Arrange items so they are visible

SHINE: Clean everything and find ways to keep it clean Make cleaning a part of your everyday work

STANDARDIZE: Create rules by which the first 3 S's are Maintained

SUSTAIN: One united team, Dedicated and Disciplined. Measurable Auditing