

Volume 11, Issue 18 □ **May 03, 2004****Important Dates to add to your calendar...**

- **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 Portland 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 18-24th Lean Pacific Rim Conference,** - What it takes to succeed in the new global village. Why not a visit to Australia to take in the sights as well as some Lean solutions. If you are going, let us know and we will put you in touch with Consortium members who can give you the 'inside scoop'.
- **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** for information on "Best Practices Mission to Germany."

Hoshin Planning? In Your Future?

Hoshin Planning, often called Hoshin Kanri, is a simple concept for complex operations like hospitals and multinational corporations. It is all about 'policy deployment' so the entire organization behaves and reacts as one entity. It is a way of getting everyone on the same page.

A founding concept for Hoshin Planning (or "Breakthrough" Planning) is the simple social game in Japan – a land of small spaces – referred to as 'catch-ball.' Hoshin planning begins with the senior management identifying the strategic outcomes/goals to be achieved, complete with deadlines. Once determined, the 'challenges' are sent to the operational units who break them down and determine what each unit and person has to do to be able to achieve the management objective. They then bounce the 'ball' back to Sr. Management who catches it and determines if the execution committed to will be satisfactory or not. If it is not, the 'ball' is bounced back to the operations folks again who catch it and respond accordingly. The process takes time – which frustrates North Americans – but in the end,

Henry Ford on the power of perception

"A person who knows a job sees so much more to be done than he has done, that he is always pressing forward and never gives up an instant of thought to how good and how efficient he is. Thinking always ahead, always of trying to do more, brings a state of mind in which nothing is impossible."
Henry Ford (Thanks, AI)

every person knows exactly what the outcomes are to be - AND exactly what their contribution is and when it must be completed. With this uniting of effort by all, the outcomes can be breakthroughs since everyone is on the same page.

In reality, Hoshin Planning is a system of strategic and operational planning developed and refined in Japan during the 1960s by companies such as Toyota, Nippon Denso, Komatsu, and others. These companies blended ideas from Dr. Edward Deming (PDCA cycle), Dr. Joseph Juran (quality policy), and Dr. Peter Drucker (MBO) into strategic planning to create Hoshin Planning. Hoshin is:

- A system of creating and improving a plan
- A method of analyzing and assessing the Current Situation
- A method of envisioning the Future State
- A method of generating breakthrough improvements
- A way of assigning duties across organization (catch ball)
- A way of taking action as teams
- A way of improving the planning process itself
- Not a "silver bullet"

Since being introduced to the United States in the 1980s, well-known companies that have adopted Hoshin Planning include Texas Instruments, Danaher Corporation, Hewlett-Packard, Parker Hannifin, Florida P&L, the Pittsburgh Symphony, Xerox, Agilent, and Bank of America.

Hot Stuff

Help 1: Anyone out there using Microsoft CRM (Customer Relationship Management)? A Sr. HPM'er who is just starting into the application of CRM would like to talk about it and share the thinking and experiences. **Let Dave know** at dhogg@netcom.ca and he will get you connected.

Help 2: We are refreshing the HPM Practitioner-to-Practitioner Exchange data base ... if you'd like to share what you have with someone who would love to talk to you about it, jot an email to Dave. **AND – if you would like to see what resources (super people) there are on the member side of the HPM website, call Laura for your password (limited to HPM'ers)**

Help 3: This one is for you – the New Lean Toolbox, 211 pp, is now available. It is more complete, better organized, and contains more depth – all in the easy to read style of John Bichano. Email info@hpmconsortium.com to order.



Which China do you think of?

The traditional image to the left, or, *the exploding competitor to the right?*
...The one that is producing 67% of all air conditioners in the world; over 50% of all cameras and footwear produced in the world... The one with an advanced space program, and who in 2002 drew in more foreign investment dollars than did the US.



A Golden Opportunity To See The Future First Hand

Advance Notice to join 20 Leaders in search of the right coping vision for the future

- This is an advance notice to Weekly Update Readers. If interested, contact Dave below for more information
- No matter how you cut it, concern about how to cope with China is looming in every discussion about manufacturing strategy – for some, the stress is here now and it is real
- Much of the concern about China comes from a lack of understanding of the facts & opportunities China presents
- Here is advance notice to every senior manufacturing leader who reads the Weekly Update -- to consider joining a small group of 20 Canadian leaders who will be traveling to China to see the future first-hand
- This is a genuine opportunity – one that offers you the opportunity to gain a perspective you cannot get from reading reports.
- This event is organized in cooperation with the National Research Council for who want to return with clear ideas, strategies, and new understandings of just what the China paradigm will mean in their future.
- ACTION: If you are interested at all, contact Dave at dhogg@netcom.ca for more information.
- Timing: October 23rd to November 9th. One fee covers all internal travel, airfare and most meals.

Is the time Right? Homework Done?

There's a time and a place for Plant Tours

Plant visits can be a form of MUDA – *unless you have a clear intent of what you are looking for before you go.* What works best is to employ the simple teachings of a 'very Lean' Dr. Stephen Covey, whose "7 Habits of Highly Effective People" includes the 2nd habit... "*Begin with an end in mind*" – or a vision!

For some 'professional' plant visitors... the visits are a neat means of avoiding decisions and action at home. However, if you've read Jim Womack's book "Lean Thinking," and are starting to think about driving waste out everywhere, you no doubt have run into those problems that defy simple solutions. Following the 'world-class' process of writing down what you think the problem could be and then ruthlessly gathering data to confirm you really have a problem or not, is the place to start. It's good old PDCA 101 - and Deming would be proud. Once the data is gathered around the problem and **full & frank discussions completed with all value-adding process owners**, it's time to begin to brainstorm the solutions now that the 'data, or voice of the process, has spoken'. In simple terms, you have done your homework. Now if you have all the solutions in house, it would seem a better plan to put them in place rather than go touring. However, there is wisdom that says that 87% of the solutions needed to compete and win in the future will be found outside of manufacturing. And if that were not true -- you would have found the solution by now. With that said, and with your data in hand and your team of

investigators in tow, it is time to take a look at what others have done to solve the problems you've identified. *Here are three excellent coming Innovation Insights Tours:*
May 11, 9:30 to 1pm, Genum Corp, Burlington

- Continuous Improvement
 - Unique mfg. personnel training program
 - Production flow mgmt systems
 - Workplace audit program & ISO 9000:2000
- May 12, 9:30 to 1:30, CTS of Canada Co., Mississauga**

- Top Visit for MeasureUP Conference last year
- CTS approach to Visioning
- Internal & External Kanban systems
- Value Stream Mapping & Management
- One Piece Flow
- Employee Rewards & Recognition Systems
- Visual Workplace & 5S+1

May 27, 9am to 1 pm, CGL Manufacturing, Guelph

- A valued supplier to HPM'er – Volvo Motor Grader ++
- 5S in Action in the plant and office
- Visual Continuous Improvement Board
- Setup Reduction Program in Action
- Gain Sharing
- Team performance based culture

These tours are part of the National Research Council & Canadian Manufacturers & Exporters classy Innovation Insights program. **For full details call 800-999-4129** to register and for the full Spring & Summer program.



A NEW RESOURCE...
Introducing the “**New Lean Toolbox**”
By author **John Bicheno**,
Director, MS Program, Lean
Operations. Lean Enterprise
Research Centre
University of Cardiff, Wales
For a copy – email:
info@hpmconsortium.com

“It is now 20 years since Richard Schonberger and Robert “Doc” Hall wrote the two books that effectively launched (or some would say re-launched) Lean in the West. It is over 10 years since Womack, Jones and Roos wrote their seminal book “**The Machine that Changed the World**” naming the approach “Lean”. Huge changes have taken place, yet it is also true that for the majority of operations organizations the Lean potential has hardly been tapped.

The **New Lean Toolbox**

You might respond to the title of this book, in three ways.

First, it could be rejected out of hand. Lean is not an eclectic selection of tools, but a system. This is true. **But hopefully it is useful to collect up the tools and concepts that Lean draws upon.**

Second, as the **New Lean-Toolbox**. Lean, as an extension of the Toyota Production System (TPS), continues to evolve. **This book is a considerable update on the second edition of the Lean Toolbox.** It is appropriate to think of this book as a **supplement to Womack and Jones’ classic Lean Thinking.** We continue to learn more about Toyota and TPS. There remains huge potential in the vast majority of manufacturing organizations, and not just in repetitive manufacturing. Concepts of flow, 5S, standard work, kaizen, and the like, are surely universal in mfg (however ‘agile’) and in service, so this book attempts to consolidate and explore traditional Lean areas.

However, thinking that TPS is the answer to all is also naïve — for example a value stream map is an excellent tool for value streams that do not share significant resources and for some clerical applications, but not for converging constraints or multi-contact customer service, and Toyota itself uses APS scheduling software. And, of course, Toyota would be the first to admit that they do not have all the answers — we do not all drive a Toyota or Lexus — or even aspire to them. So there remain opportunities, for example, in creative design. The waste of not recognizing and elevating a constraint will remain a huge challenge.

Third, as the **New-Lean** toolbox. Lean has now expanded out well beyond TPS. This is not to say that TPS has become passé — but building on TPS we have begun to realize how Lean can become an even more powerful concept as it integrates with ‘fast flexible flow’, with the theory of constraints, with ‘factory physics’, with service concepts, with much of six sigma, and with ERP. **And Lean is expanding into new areas far removed from repetitive manufacturing** — Lean construction, Lean project management, Lean health, Lean service, and even, wait for it, Lean defense and Lean public service. This surely

constitutes **New Lean**. **The New Lean Toolbox** book attempts to address this growing target.

A central theme of the book is that the ‘New Lean’ comprises an amalgam of Traditional Lean, Theory of Constraints, Six Sigma, and a range of relatively new concepts for measurement, analysis, and transformation.

Bob Emiliani (from the famous Lean company Wiremold) suggests that the focus for future Lean organizations needs to switch from around 75% on the manufacturing shop, 20% on product development, and the remainder on administration and behaviour -- to approximately 25% each on supply chain, product development, administration, **and behaviour**. This book does not achieve that, but lays a foundation to make it possible.”

John Bicheno

To order this book, contact Nicole at the HPM Office at 519-893-6260. Note: If you are from an HPM Member Company – ask for your special HPM price.

A Major National Initiative for mfrs. **Manufacturing 20/20 – June**

“**Building Our Vision for the Future**” The goal of the initiative is to create a vision & sense of national purpose during **May and June** with the outcome tabled in **October** to the Prime Minister that provides a clear roadmap as to what business & government should do to compete & win.

Manufacturing 20/20 will involve five parallel discussions:

1. **Local meetings in groups** with mfrs & community groups in over 60 National locations
2. **CEO roundtables (approx. 20 persons each)** will focus on key issues of attracting investment and product mandates, skills development, the commercialization of innovation, and global business trends
3. **Meetings to coordinate input** from industry associations, labour organizations, and international experts on the future of Canadian manufacturing;
4. **Surveys of manufacturers** across Canada on issues critical to their business success; and,
5. **An on-line dialogue** hosted by CME on its **Manufacturing 20/20** website.

Mfg is our largest business sector, employing over 2.3 million folks & accounting for 18% of the country’s GDP. Many more depend indirectly on mfg. as every dollar in mfg O/P generates about \$3.05 of total economic activity.

Today, mfg in Canada faces a number of challenges – the appreciation of the Canadian dollar, fierce competition from economies like China & India, escalating business costs, and more demanding customers sourcing globally to serve global markets are a few. We will face more over the next five to ten years as mfg must respond to new technologies and new competitive pressures.

These challenges will change the nature of mfg. It raises the question of what the future of mfg will look like. And most importantly, how to ensure secure high-value, high-paying jobs that are part a global system of mfg supply chains. For a full prospectus email; dhogg@netcom.ca