

Volume 11, Issue 19 □ **May 10, 2004****Important Dates to add to your calendar...**

- **May 12th, HPM Consortium-to-Consortium Phone Exchange** HPM will continue chatting with 'con-senting 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 13th, HPM Forum Leveraging Technology to Cut Enterprise Cost & Waste** A 1-Day exchange for HPM Members – [Sorry this one is limited to HPM & AfEE Members]
- **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

- **May 26th, HPM Board Meeting** This Board Meeting will open eyes via a first-hand look at how a 150 year old organization applies Lean in a high velocity Cellular workspace in one of the most advanced Post Offices in the world. Canada Post now officially consults to other countries & was a major Sponsor last fall.
- **May 18-24th AME Lean Pacific Rim Conference,** What it takes to succeed in the new global village. Why not plan 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'. Check out the full details at www.x2xconference.com.au

It is official – Hot HPM Board Mtg**Wednesday May 26th - Canada Post Corporation**

Dr. Robert "Doc" Hall, Professor Emeritus University of Indiana School of Business, Founder of the Association for Manufacturing Excellence and Editor in Chief of Target Magazine, will attend the HPM Board Meeting to be held at the huge Gateway Postal Sorting Station in Mississauga. Doc will present his insights into the competitive challenges for manufacturers, how they are unfolding, and the areas to address.

Is "The Fish Tank Factor" Constraining Your CI Future?

If there has been little improvement over many months, or over the last few years, something is amiss. In this competitive world where we are moving from the old repetitive production mindset – the one that just keeps producing the 'same old thing or service' – to the more world-class paradigm where 'innovative products or services' are the only source of higher margins – then **no improvement is the beginning of the end**. Continuous Improvement is the most formidable weapon any organization can acquire. Clues such as long running products or services that are being increasingly outsourced, or just plain being taken away by competition from lower wage countries, means to most folks **that change is a survival necessity**. There are many things to look at when faced with this reality. However, here's one factor that leaders can control – if they choose to. It's brought into focus by our good friend, Jim Clemmer, in his Newsletter*. It goes like this.

"If you buy a little goldfish and keep it in a small bowl, it will remain no bigger than a few inches long. Move that same fish to a large aquarium and it will double or triple in size. Put the goldfish in a large pond and it can grow up to a foot long! The biggest factor that determines the size of the fish is the size of its environment. And so it is with people.

Managers see people as they are and treat them according to what they see. A manager would take a small goldfish and keep it in the little bowl because it would be inefficient and wasteful to put it in a larger environment. Leaders, on the other hand, see people as they could be. A leader takes a small goldfish and puts it in a larger tank because it would be ineffective and wasteful of the fish's potential to keep it in a confined environment.

Leaders provide a bigger environment by delegating autonomy. Strong leaders are strong coaches. They clarify performance targets, develop skills and abilities, reinforce progress, and build on strengths. Leaders consult, facilitate, counsel, and guide. They also confront when they feel someone is not living up to his or her potential."

Lean is all about growing people by providing the right vision, the right tools, the right training & equipping them with the right thinking to generate the processes needed to compete and win. In such an environment, people feel empowered and that sense of empowerment enables them to grow as big as they can be. The determining factor is the envelope that surrounds the value-adders who live and work in your Fish Tank.

*If you are not connected to Jim's **Leader Letter** you are missing good value – get it at <http://www.clemmer.net/>

Lean Accounting Scores Value

Last week's Lean Accounting workshop produced some very excited people, including area manufacturers, Bob Kerr, *who can't stop talking about it* – and – a senior leader from a very successful Winnipeg manufacturing company who put his feelings squarely on the line. And here they are:

"Dear Dave,

The Lean Accounting course was outstanding; I have not been 'buzzed' about a topic for many

Why The Continuing Focus on Lean Accounting?

While there is a tendency for many to feel 'they're there,' when it comes to Continuous Improvement, 5-S, Value Stream Mapping, Plant Layout, Lean Principles etc... everyone agrees that moving ahead comes down to **Measures**.

In some of our best NA plants, there are subtle reminders on the wall, such as "What gets measured gets done," or "No measures, no quality," – plus reminders that, of all the things one could measure, there are only a critical few that really make a difference. There's no doubt that "Measures drive behavior," and there are no more powerful measures in an organization than financial measures.

Unfortunately, when standard accounting practices drive behaviors that bonus people for running machines for the sake of 'utilization,' or that encourage the amassing of inventory for its 'book value' - we open the door to our competitors who smile as they quietly introduce Lean Accounting principles (or derivatives thereof) that attack and reduce transactions and the waste associated with them.

But paradigms that are many decades old do not die easily. It takes time to build confidence in the new paradigms. For that reason, we began three years ago to change when Brian Maskell (The author of "**Making Numbers Count**", and "**Performance Measures for WC Mfg.**") first presented Lean Accounting to HPM, and the interest has been growing since then.

But changing culture is a big undertaking, which is why the current strategy to continue the flow of knowledge from top people like Bruce Baggaley and Brian makes sense. Especially now that several firms will be implementing it and will then be in a position to share it all with us in the fall at the Lean Roundtable.

In closing – here is the huge benefit... the excellence of the training has been increasing. The LA session at Hammond Power Solutions caused seasoned manufacturers we talked with to 'glow with excitement.' One person who sat in on Brian's first sessions was really pumped after Brian's session, indicating that it now 'all makes sense as I can see how Value Stream Mapping is the key and how to accurately cost it.'

Read on to hear other leader responses. There will be much more to come I suspect – And if you want to be considered as a **Pilot site** for implementation, check out the April 19th issue of the HPM Weekly Update.

years! And here's why...

Although the title suggests 'accounting', **the content has a strong emphasis and orientation on operations:**

- Do you understand the value stream, and its importance to the customer?
- Are you customer value focused?
- What do your operations need to look like to support lean?
- What is the road map to get there? (great lean diagnostic provided in the course)

The transition to 'lean accounting', supported by a lean operation, is fascinating and full of opportunity. Lean accounting is truly a reflection of a company's commitment to 'lean operations'.

I thought the course was very well delivered by Bruce. Some tough questions from a group who had some 'lean mileage' on them...not just a bunch of rookies.

*I am looking forward to carrying on our lean journey, taking **Omniglass** to the next level. I thought we were further along, but realized from the course that our company still has quite a way to go.*

This course will be one of our guidelines as we move forward.

Best Regards, **Don Keatch**, Chief Operating Officer, Omniglass Ltd., Winnipeg, Manitoba

There was more fallout...

Two Cambridge and Kitchener companies see high value in protecting their Lean investments – and are in discussion with Bruce Baggaley, the workshop leader and Sr. Partner with Brian Maskell & Associates, who is well known to HPM'ers attending the first Lean Accounting sessions over two years ago.

Bruce proceeded to the Kitchener plant after the Hammond Power Solutions session to meet with their president & financial leadership about the issues involve with making the change. The Cambridge company has set up a meeting on June 14th – just before the **next two Lean Accounting workshops that lead to implementation (see below)** kick-off. This session will bring together their president, the Management Team, and the Operations Leaders to closely examine the implications.

Both recognize the totality of involvement needed to succeed, but at the same time they see the value the change will bring with the protection of their Lean investments to date.

The following two courses are the next steps to implementation as described in the April 19th edition of the HPM Weekly Update.

Course 1: June 15th

"Solving the Standard Costing Problem; Lean Product Costing"

HPM'ers - NEED Your HELP... Brenda, our Education Co-Chair Education will issue our 1st survey of 04 RE: Coming program. **Quick response = Results at the Board Mtg.**

Description:

Organizations seriously embracing lean thinking recognize that traditional standard costing methods give misleading and harmful information, resulting in bad decisions. Significant management decisions relating to pricing, profitability, make/buy, new product introduction, and others are seriously mishandled when standard costing is used.

In this class we will show how traditional standard costing is replaced in lean organizations by simple summary direct costing of the value streams, and how to correctly approach management decision-making without the need to resort to product costing. The training class also introduces the powerful features and characteristics method for calculating product costs.

Course 2: June 15th

"Lean Performance Measurement"

Description:

The alignment of performance measurements from the top of the company through to the shop floor is essential for successful lean manufacturing.

This class provides a starter set of performance measurements that can be used at the cell level, the value stream level, and the corporate level within a lean manufacturing organization. The class also shows how to develop a set of performance measurements that link the company's business strategy through the value streams to the shop floor and other processes.

To register, contact Laura at 519-893-6260 or through the website at www.hpmconsortium.com

More Musings By Jim Clemmer...

- I found that that the harder I worked at developing people, the luckier I got finding a committed, motivated team.
- The harder we worked at serving our clients, the luckier we got with repeat business and referrals.
- The harder I work at loving Heather, the luckier I am in falling into a great marriage.
- The harder I work at growing up with our kids, the luckier I am at getting their respect and trust.
- The harder I work at defining and working toward my life vision, principles, and purpose, the more lucky breaks come my way.
- The harder I work at community involvement, the luckier I am in happening into a great town.
- The harder I work to enrich and develop myself, the luckier I am in having a fulfilling life.
- The more I look after my body with good food, exercise, and rest, the luckier my health seems to be." - Jim Clemmer, Growing the Distance *

And Now for Something A Little Bit Different ... Manufacturing 20/20

There wasn't a good taste after the "Innovation wagon" delivered its expensive glossy press kits, vague words and little else across Canada a year or so ago. There appeared little interest in what the 'rabble' had to say. This was further reinforced when not one email or voice mail was returned – and no discernable outcome was seen.

"Manufacturing 20/20" is a practical attempt to see what Mfrs view as the right vision in tough times. And it begins with those it should begin with - the Mfrs. It has a very different texture.

This event is unique as far as I can remember over the last 20 years. **It's organized by manufacturers & paid for by mfrs without government support.** The intent is to capture a clear idea of what Mfrs really see as the right vision for mfg in these difficult times **and deliver it to the Prime Minister who is backing it.** The **leader is Jay Myers** whom HPM'ers know well and respect as a straight shooter.

We understand the current political climate – and this should not be viewed in that light, but rather as an opportunity to learn what mfrs see ahead. This first round is only for manufacturers – to get the straight goods. The next rounds will include folks from academia, government etc.

Of the sixty-odd National events, only two in Canada are not aligned with a specific company – **HPM & the Kawartha Mfrs Assoc. in Peterborough.**

Each session is limited to 20+ Leaders, hence HPM will invite a few folks since not all HPM'ers can participate. If you are interested, let me know.

WHAT IT IS

- It is an attempt led by Jay Myers, Sr. VP of CME to receive **unvarnished input from mfg leaders** on what they see as the right vision looking ahead
- Our opportunity to help Jay in return for his long support over the past many years**
- It is organized **by manufacturers for manufacturers.** Hence - all costs incurred by HPM will be paid by the sponsoring manufacturers from across Canada who see value in this effort

WHEN: Wed. June 9th – 7:30 Bkfst, Session 8:-10:30 am

WHERE: Stay tuned – location announced next week

FORMAT: Working Breakfast

- Limited to 20-22 Leaders – one per company
 - Facilitator provided by Jay's team to ensure similarity
- WHO SHOULD ATTEND**

- Open to **HPM Member Company leaders**
- To achieve the "20-22" guideline – Invitations have been extended to: AfEE Excellence Consortium members - HPM'ers should send suggestions to Dave

Benefits

- Meet Sr. Leaders on topics of Enterprise importance
- Gain an indicator of current Mfg. thinking from Mfrs.
- A message of what mfrs feel needs to be done.
- Cost: 3 hours of your time on Wednesday, June 9th**