

Volume 11, Issue 23 ☐ **June 07, 2004***Important Dates to add to your calendar...*

- ☐ **June 9th, 7:30-10:30 BKFST: HPM Mfg 20/20**, HPM has been registered as one of the over 60 'designated sites' across the country for input into the Mfg. 20/20 project. The intent is to harvest from Mfg. leaders what they see as the Mfg Vision needed to succeed. This will be professionally facilitated and held at the **CDN HQ of the General Electric Corporation in Mississauga**. It is limited to 24 (3 teams of 8) top Mfg. leaders, in 3 roundtables. If interested, call Dave at 519-893-6260 for more information. Question: **'If we don't provide our view, who will?'** The initiative is actually paid for by manufacturers... hence it is 'for mfrs by mfrs' with no government dollars involved.

2 Lean Accounting Basics Below +

Hosted by Velcro Canada – Brampton

Take them alone – or – use them as stepping stones to actually implement Lean Accounting in your facility as a Pilot Site. This possibility is being developed by Bruce Baggaley and Brian Maskell for a small number of Canadian companies who are ready to take the implementation plunge and also share their experience with others at a Lean Accounting Roundtable at the end of this year. For info Click: www.highperformancesolutions.ca

- ☐ **June 15th, NEXT LEAN ACCOUNTING STEP: Solving the Standard Costing Problem**
This course presents & develops a Lean way to think about costing in a lean environment. It can be taken as the mandatory course from the two offered here if considering being a Pilot Project to implement Lean Accounting. Even if you're not, it will have high value. Click above link for a full course description.
- ☐ **June 16th, NEXT LEAN ACCOUNTING STEP: Strategic Performance Measurement for Lean Manufacturing**
The course provides participants with a "Starter Set" of performance measures. This set contains a hierarchy of performance measures for the lean cell, value stream and plant that are linked to the goals of the lean company at each of these levels. Click on the above link for a full course description.
- ☐ **June 30th Deadline for reduced registrations to Lean AME Conference in Cincinnati Oct. 18-22.**
Check out www.ame.org for details.

**"Your best friend includes
your waste basket"**

Henry Ford

The 5-S Issue

**Look Again... 5-S Is Not Housekeeping!!
It's Workplace Organization**

**5-S... A Matter of Changing the Thinking
... and letting the processes look after themselves**

Like any new initiative, the trajectory and velocity of 5-S is set by the thinking, the leadership's urgency, and the perceived relevance & value to the folks who add value. Here's a reiteration of what has been learned from 5-S initiatives that have failed – or were not sustainable. And sustainment is the # 1 challenge for just about everyone.

Contributors to the inability to sustain 5-S?

- a) A crystal clear lack of understanding of what 5-S (or whatever you decide to call it) is really intended to accomplish
- b) A sense by employees of a lack of continued Management interest and support
- c) A need to feel that it is meaningful work and that it has benefit for the applier

The NEED... So what's the need for 5-S anyway?

Here are some of the most pronounced needs expressed for (5-S) Workplace Organization - not only by those beginning the process, but by those who are practicing it. The need:

- **To bring order to the workplace** by eliminating the tremendous hidden waste caused by the unprofessional inability to instantly find things, by the unprofessional distraction caused when one's concentration on solving a problem is broken when an item or tool cannot be found, and by the unprofessional simple wastes caused by excessive walk times, lack of visible and physical flow, etc. etc. – *please add more*.
- **To increase the competitive edge** it gives a company through the professionalism it conveys to visiting customers who make buying decisions based on the professionalism that they see – *not on what you say*.
- **To protect our future – AND THIS IS NOT TRIVIAL. We are losing the minds and hearts of our young people who walk through our plants.** Those walk-throughs impart to many of our brightest minds a resolution to have nothing to do with manufacturing ever again. In such cases, we do it to ourselves. To compete in the knowledge-based, innovation laced future ahead, we must turn this around; it begins with today's thinking.

The Thinking

"If you can change the thinking – the processes will look after themselves." Action begins with thinking – the right action begins with the right thinking.

As we see increased use of 5S by companies starting the journey to world class, we also see some very real signs of potential failure. **And the last thing anyone wants to do is begin a new initiative with one or two strikes against them.** However, as with any approach you might describe, no two are the same. Because of the differences between

companies (and their people), there are always exceptions to the rule.

Give 5-S A Good Start - Presenting it right

If 5S thinking is decided upon as the place to start on the journey to lean – and it is usually a good one - let's begin by deciding what name the initiative will be known by. For some, it is simply "5-S." For others, mutterings around the word 'housekeeping' will be heard – as well as 'Workplace Organization' and more. **So is there an accurate name?** Names instill perceptions.... and for some of the old guard (whom you need), the word "Housekeeping" instills the sense that **"This is not part of my real job."**

To give the fledgling initiative its best chance of survival – be sure to include references to "Workplace Organization," "professionalism," "order" & "pride" in conversations and descriptions... **NOT 'Housekeeping.'**

For companies who have been around for 10 to 100 years, the labeling of this most critical initiative as "Housekeeping" may be its kiss of death. And it will probably be a slow death as all the macho folks begin to subtly treat it as 'housekeeping' while they spend their time doing what they feel is 'the real work.' To be clear – in such an environment, if the name associated with the practice of 5S becomes synonymous with house-keeping... the process will die. Or, at best, it will certainly never be a source of the pride or the excellence that would inspire customers as they walk through your facility trying to decide if you are professional enough to be entrusted with their business. You'd do the same if you were the customer.

So Why Call it Workplace Organization?

Workplace Organization is what it really is - and it is what is really needed.

Workplace Organization – properly implemented with the right mindset – is the beginning of pride, self esteem, and the professionalism that is needed to fend off the competition coming at most of us from all angles. We need to remember that startling image from the Conference that **"Your competitor today is but one mouse-click away from you on the desktop of your customer's computer."** And that should be cause for one's knuckles to tighten because it is true in 2004.

Putting Workplace Organization into Perspective

Housekeeping – and 'Workplace Organization' - are not just words, they are concepts/images that drive

thinking – and thinking drives action. We know that it's no secret that the wrong thinking in one's environment – and in the surrounding culture – will yield wrong actions. Ken Blanchard of "One Minute Manager" fame calls it simply **'Stinkin Thinkin'.**

A Closer Look at the Need –One More Time

Winning, professional, Workplace Organization means being able to put your hands on what you need, when you need it, without wasted time. It means not having to break your concentration on solving a problem. And it means not looking unprofessional to the customer you are trying to make more successful when you try to find things and are faced with a confusing jumble, etc. Frankly, it means having the courage to think more professionally so you can **BE** more professional.

We were impressed with **Orenda Aerospace's 5S program.** During the HPM Board visit, every tool that was not on the shadow board was in immediate use – **and that's discipline in action.** Every work area looked professional, and when we learned that there were no janitors (with the exception of 1 person who looked after the swarf and the Zamboni to put the gleam on the aisles). It was impressive.

But let's think about it. Orenda rebuilds F18 and many other kinds of jet engines... would you not want to make sure that a wrench is never left inside an engine? In other words, **5S in their environment has a mission critical** aspect to it. This is no different from how

doctors must handle their 'mission critical' tools, which must be in the right sequence, in the right orientation, at the right time. **If**

there's not a strict discipline, people die.

Thinking World Class aspirants look at these latter two examples and can see how it applies to manufacturing. In most cases they will comment 'Gee, I never thought about it like this.' But we are now in threatening times, with offshore competition like we have not seen before. If you have been checking out some of the US websites, you are quickly reminded that there are many who believe we are in a war – an economic war – and it is raging around us right now.

One does not have to look far to confirm the challenges. In case you have not noticed – 50% of all foot wear in the world is now made in China, 67% of all air conditioners and 30% of all television sets are made there as well, etc. etc... and as the CBC documentary said, "If what you are making is not being made there, it soon will be." This puts a genuine urgency on every mfr who has as his or her dream -- to be the 'supplier of choice' at the end of the day.



Figure 1: The '5 Pillars' of 5-S... Trojan's Visual Board with Attitude

"Your competitor is but one mouse-click away on the desktop of your customer's computer. ... Can you ever give your customer a bad day?"
- MeasureUP Lean Conference - 2003, Toronto

And a concluding thought: **LEAN contributes to the issues contained in one's concern about 'Being the supplier of choice at the end of the day.'** As the larger companies drive waste out of their organizations to compete and win... eventually they get to the **'waste-of-non-value adding-transactions-with-suppliers'** issue. At that time, questions like "Why do we have 10 suppliers when 5 will do?" will cause action to be taken to reduce suppliers – especially when the stark transaction costs are added up. It is a process winners are looking at in their companies. Many leaders are looking at this today. And when they do – the choice is simple... they go with the suppliers who are working hard to help make them successful and cutting those that just satisfy. This trend will accelerate.

So What Does it Take to Make it Work?

While it begins with a vision, a plan and a strategy... to make it work takes attitude, thought, management's visible commitment - and support at all levels. It also requires open discussion inside our companies until everyone understands clearly that **Workplace Organization is not only operationally a sound initiative – it is strategically sound as well – and has benefits for the company and for everyone.**

Workplace Organization/5-S – Is it an Operational Issue or a Strategic Issue?

An excellent quotation was promulgated throughout the Largest Lean Conference ever held in North America last October – and it came from Velcro Canada's past Manufacturing Director, **Bob Taylor**, who said. **"Our goal is to always be 'tour ready.' The pride this generates everyday reflects in our quality and extends to making hiring the right people easier."**

Some of the companies your editor visited this year stated considerable concern as they felt they were in a 'war for skills' and had great difficulty getting the right people. In discussions with **Bob Taylor and Rockwell's Business Unit Manager, Paul Deckert**, some time ago, they (and a tonne of others) talked about **how the entire hiring cycle time had to be reduced because they were losing candidates to other companies since the cycle was too long.**

Right now, the best people have choices – and they will have more tomorrow. Having a facility that gleams and looks professional because Workplace Organization is part of the culture, **shouts a warm enticing welcome to the kind of good people you want to work with you.**

Books like Collins' best-seller, **"Good to Great"**, documents the difference between good companies and great companies. The essence being – that great companies get the right people on the bus first... and then get out of their way. **If 'Workplace Organization' can help the best people come to you, it must be a strategic issue.**

But there is more. We know we are losing the best young brains from high school, college, and university to other sectors because, in many cases, one visit to a manufacturing plant convinces that young person that his or her career will sure not be in manufacturing. They simply



Figure 2: Look closely here is a simple 'shadow board' on Lexan

compare the environment they see with other work environments and the choice is easy. In other words, we seem to be doing the damage to ourselves.

It does not have to be that way – you can see "Wow" plants in different parts of the world that take your breath away with their beauty, their simplicity, and their superbly professional Workplace Organization.

That is why one of the questions in the **"20-Question Quiz"** on the Conference Website

(email Dave if you would like the set) that one could take to get an idea of how 'world class' they were – asked: **"When people walk through your facility, do they actually say this is a place where they, or their family, would love to work?"**

A second strategic issue is that Workplace Organization makes every employee a de facto member of the Marketing/Sales team, since customers increasingly make up their minds up about whom they will select to do their work based on what they see during 'walk throughs.'

One of the reasons that that is now the case is that customers have become smarter. **They realize they (the customer) are the ones who pay for all the waste in a supplier's facility.** And many of them are getting as mad as hell and don't want to do it any more. It is verified over and over by the rule of thumb that 50-70% of the waste in an organization is there because it is invisible to those who live there. Hence, it makes a lot of sense to systematically work hard to eliminate the waste that is visible to 'Outside Eyes' to heighten the visiting customer's feeling of confidence in the capabilities of the plant and its people.

One More Time – What's the Value?

Workplace Organization is just what it says it is... it is the organization of the workplace:

1. **Humans are "visual beings who have learned 83% of what they know from their eyes."** Workplace Organization sends messages of encouragement and confidence to potential customers to come and work with you – as well as messages of inspiration to potential new employees to come and work with you.
2. **You can grasp what you need when you need it...** without wasted time. Why should shop floor and office practitioners/professionals be different from operating room nurses, doctors, or jet engine maintainers?
3. **You do not lose concentration on solving the problems you have at hand.** Nothing breaks

concentration like having to stop and figure out where things are when they are not where they should be

4. **Visual clutter equates to cluttered thinking** which will generate process waste that will cost customers more than they want to pay... or at least it causes your selling price to be higher - and hence makes you more vulnerable
5. **Drawing the right conclusions & decisions.** Consider the scenario of the world class family on vacation. Such families, when arriving hungry in a new town, will dispatch a family member to check out a restaurant. How they do it relates directly to this discussion. The chosen family member will proceed directly to the restaurant's washroom – **not be cause they have to 'go' – but because they want to learn.** If the washroom stinks and is in disorder – do you think the restaurant's food handling processes & discipline are handled with any more respect? We should think about just what customers are thinking when they walk through our plants. What they see will cause them to extrapolate just as family member above did. We all want – and need – our customers to draw the right conclusions but we have to earn them first. HPM has been using the simple 2-4 hr. Lean Walk with an assessment at the end that provides a number for discussion that shows progress (or not).
6. **Development of Pride.** With order that is supported comes the pride of professionalism. With the pride of professionalism comes pride in doing the job right... with all of this comes more attention to detail, as a universal, and very personal, quality system begins to form and deepen into the enterprises culture
7. **Achievement of Speed.** According to the Agility Forum – "Speed is the currency of the 21st Century." Add up all the time that would be saved during unscheduled downtimes where there is no more looking for tools or walking for miles to get them. Or when you know where everything is and that it can be tapped quickly – the accumulated savings throughout the organization amounts to doing things faster, more logically, safely, and correctly. In reality, agility increases, which has strategic value today as customers want more, they want it faster, of better quality... and yes, they want it at a cheaper price. Speed/time means real money in the real world.
8. **Add some of your own.....**

In summary... The most difficult issue in 5-S is its 'SUSTAINMENT.'

Sustainment only occurs when it becomes **part of the culture**. When the need & value are clear – and when folks see it as part of the real work to be done every day as a politically correct mindset endorsed by all – *good things happen*. An emerging number of Leaders, **such as in Mancor Industries**, require managers to "5S themselves



Figure 3: While the "S" words may change according to preference, their meaning stays the same – These "S's" are among the most widely used.

first" before rolling it out. This 'walk-thy-talk' strategy works much better when those who direct others understand what's involved first-hand. [Toyota 101].

Sustaining 5-S Means Involvement It also means learning to lead by example...

It has been inspiring to see people in companies getting excited about implementing 5-S (**Workplace Organization**) Here are a few simple tips they pass along....

Tip 1: Lead By Example. In one facility, the insightful leader would not allow 5-S to proceed until **all managers had '5-S'd' the areas where they lived... their offices.** They will have more empathy for their employees and, in the end will be a more effective leader if they apply this. [04 Leaders must possess the skill to attract followers.]

Tip 2: Use a Time Limit. Rockwell, Gerrie, and Mancor apply time targets to find things. It's a great way to focus thinking. **Mike, in Mancor's maintenance centre (See Page 5), has organized his facility so anyone from outside the company can find anything in 3 minutes or less.** For those inside his company – they should be able to find the things they need in 1 minute, with him not even present.

Tip 3: Lights Out Test. Once everything is in its place and stable... try turning the lights out and see how long it takes to find one's tools. This test is drawn from military training 101 which was used to test how well soldiers had learned to assemble a Bren Gun.

Tip 4: Leadership Makes the Difference Most 5S implementations fail through management inattention, or leaders 'delegating their responsibilities' to others. By so doing, they send a loud message that the work is not of high value. The message from a globally successful steel company states flatly – **"When**



Figure 4: No function in the enterprise is immune... as this engineering office transformation shows. Engineering's buy-in to 5-S by a Canadian ship design firm, led to their invitation to a major customer - one of North America's largest shipyards - to help them in their journey toward 'getting lean.'

management ceases to audit - and be involved - they cease to care.

The teams asked management to continue. It has taken 21 years for 5-S [Workplace Organization] to become just reasonably (not widely) known by North American manufacturers. In fact, in reviewing the 1983 training programs offered by the Ontario Centre for Advanced Manufacturing (OCAM), it is depressing to see exactly the same topics and content being delivered today.

In other words, we squandered over 20 years by paying little attention to the principles of Lean Thinking only to now see nations who are new to manufacturing, jumping into Lean with full force. These competitors - China included - are combining the impact of Lean Thinking with new technology and their very low cost & labor structures (China's mfg wages are 1/40th North American).

But today is today, and the messages are before us to 'make real' our efforts for CI, 5-S and Lean Thinking and everything else we will need to succeed on our journey to World Class. Few automotive, aerospace and now pharmaceutical companies have to be reminded that the 5-year contracts that demand cost reductions in each and every year are upon them. "The day I signed such a contract - CI meant something totally different within minutes - it suddenly became part of the real work we had to do every day," said one CEO.

Now for one last word...

Where did 5-S come from? One last time...

The genesis of 5-S is North America

Is sure takes us a while. I remember when we introduced 5-S in 1983... it was seen as 'a Japanese thing' - which could not be further from the truth. **In reality, the forerunner & foundation of 5-S was CANDO which all began with Henry Ford.**

In 1931 there was no '5-S' but rather '3-S' and that stood for **Smoke, Soot, and Smudge**. In the mid 20's - long, long before TPS - Ford was instilling the **CANDO** discipline **which included visual tools.**

So what was CANDO in Ford's world? - Today's 5-S

C = Clearing-up... 'When in doubt throw it out'; Red Tagging; 'your best friend includes your waste basket' and a ton more

A = Arranging... 'A place for everything & everything in its place'; 'eliminate the waste associated with looking for tools.'

N = Neatness... 'Keep everything clean' (that's how one finds leaks and dropped parts quickly)

D = Discipline... "Mind you keep your rifle an' yourself jus' so." Make PM and cleaning routine activities... incorporate into work instructions etc.

O = Ongoing Improvement... 'Root out additional forms of waste and inefficiency. Strive for Continuous Improvement. Deploy best practices across the organization as a form of standardization.

See any similarities above to what we know today as 5-S which came along decades later?

Some Excellent HPM Examples

Thanks Mike for letting us see your Maintenance initiative (refers to Tip # 2 above).



Part of the vision Mike had in assembling Mancor's 'Maintenance Facility' was to organize the layout such that **anyone from outside the company could find anything in 3 minutes or less** whether Mike was there or not. Above is one of his many tools that enable this to happen. What's shown is a scale layout of the facility with all contents coded.

Near the RHS above you can see the list of all the locations in alphabetical order. By simply scanning down the list and finding what you are looking for, a quick glance at the code and you can see where it is on the layout. By simply looking into the shop right from this 'Info Board', you can see the location as large signs high on the walls reveals where everything is. To convince you that it was not always like this, you can see Mike's "Before" pictures on the Board which can convince anyone why this is better way.