

**Volume 11, Issue 26** ☐ **June 28, 2004***Important Dates to add to your calendar...***Lean Accounting Sessions Rescheduled**

In consideration of the expressed interest of several folks who want to move ahead – The lean Accounting 'Next Steps' slated for last week are confirmed and rescheduled. For **July 20<sup>th</sup> and 21<sup>st</sup>**.

- ☐ **Jul 20<sup>th</sup>, "Solving the Std Costing Problem"**
- ☐ **Jul 21<sup>th</sup>, Strategic Performance Measurement for Lean Manufacturing**

Both of these will be delivered at Velcro Canada in Brampton – beside the airport. For full information contact Laura or myself at 519-893-6260 or, for a full outline check: [www.hpmconsortium.com](http://www.hpmconsortium.com)

- ☐ **June 30<sup>th</sup> Deadline for MUCH REDUCED registrations to International Lean AME Conference in Cincinnati Oct. 18-22.** Check out [www.ame.org](http://www.ame.org) for details.
- ☐ **Sept 23<sup>rd</sup>, HPM Practitioner-to-Practitioner Forum** will focus on "Value Stream Mapping in Non-Mfg/Administrative processes." We are searching for folks with a Best Practice who'd like to exchange with others – a Consortium win-win! Call HPM Off.
- ☐ **Sept. 30/Oct 1: The 4-5 Month "Practice of Leadership & Coaching" begins.** Some fifteen folks are looking to begin this essential training this fall. *As before – since this is led by an international provider used by GE US and others, the sessions must be filled in advance or they will be cancelled. Please reserve your seats early – names can be provided up to 30 days in advance. Participants must commit to all dates: **Nov. 4/5, Dec. 9/10 and Jan. 20<sup>th</sup>2005*** These are **7 intense days over a 4 month period** with equally intense coaching calls in between to drive real change and breakthroughs into one's leadership paradigm. Call Laura @ 519-893-6260. Also [www.hpmconsortium.com](http://www.hpmconsortium.com)

**Folks - Have you Noticed the HPM Website Recently?**

Click on [www.hpmconsortium.com](http://www.hpmconsortium.com) and you will see snippets of current news and activity which our **Web master Gen Gundy** has been keeping up to date. But by clicking on "Resources" you will see 4 new hyperlinks: 1) **HPM Weekly Updates** - since January 2) **Downloads & Info...** some neat stuff here 3) **Recommended Reading – Top 10 from Gail at [www.ocapt.com](http://www.ocapt.com)** and, 4) **Lean Web Links - Hot Links.** [NOTE: More on the inside... if you are an employee of an HPM Company, call Laura for your Login & Pass-word... all you need is to be an 'HPM company' person and you are in.]

**162 Canadians have now registered for the 20<sup>th</sup> Annual AME International Lean Conference in Cincinnati this October 18 to 22<sup>nd</sup>...** You have until June 30<sup>th</sup> [Wednesday] to Save **\$490US – (A saving of \$670 CDN Beaver Pelts)...** on each & every registration, there will be no further reductions...

To act fast, contact [www.ame.org](http://www.ame.org). (847-520-3282) If the lines are busy, email or fax your request on or before that date to make arrangements for payment. **Dan McDonnell** has more for you.

- ☐ For teams of 5 to 19, take 30% off the list price of \$2,905 for CDN folks who are not AME Members and off \$2075 if they already are.
- ☐ For teams of 20 or more, take 40% off the same list prices above.

**A Message From Dan McDonnell**

Our good friend, and HPM Charter Member formerly with GE Multilin, **Dan McDonnell**, is working hard with the Cincinnati team as their Marketing man. Here are some of his 'Hot Pics' for this conference which follows last year's MeasureUP for Success Conference Toronto. Dan is in charge of GE's Global Meters Division and has a world mandate for the products. Here he is...

"Hi everyone,

**We have been working very hard to put together a conference that will give you take-aways that will generate far more value than all the costs associated with coming to Cincinnati! And here they are:**

- ☐ None other than **Larry King – of "Larry King Live"** will moderate the **"Great China Debate"** which is one of the biggest challenges driving change and will be over the next decade.
- ☐ For the first time for AME – a professional Exhibit-Showcase consisting of 125 vendors will provide an enhanced learning experience
- ☐ Nobody opens more doors, more ways, than AME
- ☐ No Mfg. Assoc gives you more learning for your dollar
- ☐ Nobody provides more exposure to hands-on practitioners
- ☐ Nobody provides more networking with other practitioners
- ☐ No Mfg. Conference has as many tours, presentations, and workshops

## Top Five Keynoters

- ❑ **Larry King** – Moderator of the Great China Debate
- ❑ **Art Niimi**, President & CEO Toyota Mfg. North America
- ❑ **Jeffrey Owens**, President Delphi Electronics
- ❑ **Gus Whalen**, Warren Featherbone
- ❑ **Joseph A. De Feo**, CEO, Juran Institute

And.....

**Thirty Workshops**

**70 Presentations**

**30 Plant Tours to see first hand**

Check out [www.ame.org](http://www.ame.org) to see them

There is really so much to pass on – we are looking for everyone in Canada who is looking for the means to compete and win in the global market place to not miss this conference and the Exhibit Showcase that goes with it. It is something new this year – but heck, this is the 20<sup>th</sup> Anniversary of these conferences and we are doing it up just right. Plan to bring a companion with you, and you won't be sorry.

**Frankly, I can't wait to meet and talk with you all – hey - why not give me a call to say HI at 603-749-8145. See ya' all in Cincinnati in October. Best wishes everyone!**

**Dan McDonnell, Marketing Team**

**2004 AME Conference, Cincinnati, October 18 to 22.**

## Standardized Worrying ?!! The Continuing Wisdom of Jim Womack

Dear Dave,

Years ago when Dan Jones and I first visited Toyota in Japan, we were struck by something that seemed out of keeping with their continuing success. **They seemed to worry all the time.** We met managers who had just accomplished remarkable feats of muda removal during kaizen events and yet they couldn't seem to just relax and enjoy it. Instead they were busy analyzing what they had just done and trying to think of ways it could be even better. Dan and I began to say to ourselves, **"Even smiling is muda at Toyota."** By contrast, kaizen events in other firms we have visited over the years have often been marked by celebrations and self-congratulation, no matter how much was really accomplished or how modest the improvement goal.

Recently, while reading Jeff Liker's excellent new book **"The Toyota Way"**, I came across the section on "hansei" or reflection, which for Toyota is the third step in their PDCA process for every improvement. It helped me put in words what I've been feeling for years about the difference between kaizen at Toyota and at most other firms.

Toyota's idea is simply that every time we analyze a situation (the "P" for "plan" in PDCA) and then try a new way (the "D" for "do"), it's time to reflect very carefully (hansei) on

what we have just done. (This, of course, is the "C" for "check".) In most companies the fact that the new performance of a system met expectations is the end of the discussion. And if it didn't meet expectations, this is only to be expected with some experiments. (Remember that controlled experimentation using the scientific method is what kaizen really is.)

But for Toyota it seems to be very different. In their view, if the performance met expectations, surely they could have done even better. The performance objective was too modest. And if the performance did not meet expectations, something was wrong with the original plan and it is important to understand what and why. Indeed, this is yet another use for the "five whys", but this time applied to the improvement process itself.

But note that in either case there is no room for celebrating what has been achieved even if the results are substantial or for celebrating the conduct of a noble experiment even if it failed. The objective must be to either find out why it didn't work or why it didn't work even better. In short, with hansei, Toyota has a formula for standardized worrying!

Surely this seems harsh. Can't these guys just have some fun? But the sobering reality of life, at least for me, is that folks who worry every day about everything are very likely to have little to worry about in the long run. By contrast, those who grade their kaizen performance on how hard they tried -- whatever the results -- are likely to be very happy in the short term but soon may be looking for work.

So please give some thought to how you approach kaizen. If no improvement in performance is ever good enough and if every kaizen failure undergoes meticulous analysis to understand exactly why it didn't work, you too will become a standardized worrier. And, very likely, you will become a leader in a continuously successful enterprise.

Best regards, Jim Womack,

President and Founder, Lean Enterprise Institute

\*\*Book available from OCAPT Books [www.ocapt.com](http://www.ocapt.com)

## Change is Everywhere...

Here are some insights from 'down-under from the fox hole of one Ken Craig who is retiring from his role with the Aussie Economic Development wing of the Victoria Government.

Over the past 5 years, it has been a pleasure to see the rate of Mfg. change in Australia since I first met with then Minister Burrell, Jim Watson, and so many fine Australian manufacturers and talked about the 'Manufacturing Consortium antidote to global competition' because **"Not one company will ever live long enough to make the mistakes themselves."**

Since then, the bond has been continuous and positive between Canada and Australia at the Mfg. grass roots level which has been punctuated by conference calls, the odd

video conference, and a constant exchange of Newsletters and updates.

The rate at which they have brought change into the manufacturing sector has been thoroughly impressive and Canadians can only marvel at the working relationship between manufacturers and the senior levels of government in their very blessed community. It was within this spirit that your HPM Weekly Update editor asked Ken Craig to share his views of the rapid change as he is about to retire. Here is an insider's view of what has recently transpired....

**Hi Dave, Hi Mates,**

*After 42 years in manufacturing it's time to (sort of) hang up my boots and retire. For all but the last four years, I have worked in the Australian automotive industry (Chrysler and then Mitsubishi) in a variety of roles. It's only now that I realize that the trouble I got into during this period was mainly due to my pushes to change practices towards Lean Manufacturing and Lean Accounting but without knowing their labels. At the ripe old age of 55 I decided to end my working life with an enthusiastic "bang" by joining what was then called the "South Australian Centre for Manufacturing(SACFM)" to work with sectors and companies in transforming themselves into something more lean than what they were.*

*In 2000, I had the pleasure of **hosting to the AME Boston conference, thirteen South Australians representing companies who were winners and finalists in the SACFM Manufacturer of the Year Competition** and it was here that I made Dave Hogg's acquaintance.*

*I have become frustrated that there is so much unseen capacity and capability that can be unlocked from existing enterprises and that they can only see cost savings and downsizing and expensive new, "efficient" equipment as their savior. The constraint within those companies is not physical - it is mental. Ignorance, ingrained cost accounting mentality (don't our tertiary institutions have a lot to answer for!), reluctance to change are but some of the limiting factors.*

*A good example is the Australian wine industry. As competition and globalized markets come more and more into play the exposure to risk from inappropriate practices has increased greatly. Some companies have been caught with the effects of overemphasis on forecast and the apparent efficiencies of large batch runs. Some of them, however, are coming right around to the principles of lean manufacturing and distribution and are beginning to successfully employ them. **It is the realization that they are manufacturers and distributors who happen to make wine - not the reverse - that brings them to the view that change is necessary.***

*Another case in point is the furniture industry. Just like in North America there has been an ever-increasing incursion of imported goods into the local market and the manufacturers are finding it impossible to match the prices. Some - but nowhere near enough - of them have come to the realization that in order to compete **it must be on the basis of SERVICE** as well as price and they are drastically reducing their lead times to the point that the retailers can see the benefits to them and their customers. Very short lead times and the capability to provide custom built furniture are now a good value proposition that just cannot be matched by the low-cost countries.*

*I know that North American corporations are pushing for more and more of their purchased components to be sourced in places like China and using the prices available there to leverage continuous price reduction from their existing local suppliers.*

*It is no different in Australia. This is unavoidable to a certain extent. Where the line of balance is drawn will be a reflection of the capabilities of local companies to provide a level of service and responsiveness that will be valued by their corporate customer. In short, it means that they must make radical changes to the way they do their business. And this is just what HPM, the AME and other organizations are promoting.*

*A few weeks ago I had the pleasure of attending the **AME Pacific Rim Conference in Melbourne**. It was an outstanding success and gave me great heart that there is, at last, a head of steam building up in relation to the take-up of the principles and practices which we know are necessary. It seems now that the AME will become a very active and growing organization in Australia and I am pleased to say that next month there will be an AME event in South Australia being held at a company with whom I have been working over the last two years. This company is a manufacturer of clothing and footwear and has been moving more and more into lean manufacturing in order to stave off the pressures of imported goods and to provide a valued level of service to its customers.*

*As I head into retirement I reflect on the huge changes that have occurred during my working life but reflect even more on what is necessary in the future if we are to maintain employment in the manufacturing sector.*

*I wish you all a very successful future and, above all, deriving great enjoyment and satisfaction in achieving it.*

**Ken Craig, Mgr. Mfg. Excellence**

Dept. of Trade & Economic Development

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