

Volume 11, Issue 34 □ August 23, 2004

Important Dates to add to your calendar...

□ **Aug 24th:** **Deploying Your Lean Strategy As Part of 'Real Work' every day!** – a workshop on how to translate Lean Strategy into Corporate Reality with Phil Kirby, Author of **"Thoughtware"** Location: CTS Canada, Streetsville, ON. **See the site of the top-rated plant tour at the MeasureUP Lean Conference in TO last year.** To Register: www.ame.org

□ **Aug 25th :** **HPM Board Meeting – Location: Eaton Electrical – Milton Ontario facility.**

□ **Sep 2, AME Plant Tour Kraft Canada.** A top rated tour site at the huge Lean conference last year. If you are looking for an excellent example of visual management in a Continuous Improvement environment - plus visual preventive maintenance & to hear how they implemented Value Stream Mapping, this tour is outstanding. **To Register call AME's Barb Jacklin at 905-681-6039. HPM'ers, ask for the HPM rate.**

□ **Sep 8th, AME/HPM 8:00 to 5:00pm "Breaking the Safety Barrier: Implementing Culture Change"** Dr. Steven Simon. A 1-Day intense culture change workshop. Location: Hilton Toronto Airport, Mississauga, Canada, (905) 677-9900, 1-800-567-9999. Cost: \$495CDN (AME/HPM members); \$595CDN (non-members) **Call AME: 905-681-3960.**

□ **Sep 23rd: 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 to share** with others – a Consortium win-win! Call HPM Office.

□ **Sep 30/Oct 1: "Practice of Leadership & Coaching" begins.** The additional dates must be committed to: **Nov. 4&5, Dec. 9&10, and Jan 20th, 2005.** **Register now.** Some 15 folks are looking to begin this essential training this fall. As before – this is led by an international provider used by GE US and others so, **the session must fill in advance or be cancelled.** Pls reserve your seats early – **names can be provided up to 30 days in advance.**

□ **Oct 18-22: 2004 AME "20th Anniversary" International Lean Conference in Cincinnati.** **"Focus on Global Enterprise Excellence"** This will be held concurrently with the **Advanced Mfg & Productivity Exposition.** Free to attendees. Check: www.ame.org

□ **Oct 27th 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.

WOW - take a hard look at the opportunities on this page... Fall is here!

□ **Oct 28th 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. Ask Nicole at 519-893-6260 for a full course description.

□ **Oct 24-Nov 9th, Fact-Finding China Tour – Innovation Insights,** NRC & CME combine for a dramatic 'up-close and personal' look at the Chinese engine, infrastructure & opportunity. **Seats still open – This is one of the best. For details email info@hpmconsortium.com.**

□ **Nov 3rd 8:00 - 4:30 HPM Share Showcase '04.** Location: G.E. Meadowvale Theatre. Each HPM'er will make a presentation to all on their 'Best Practice' – plus a tabletop showing.

□ **Nov 18th HPM Forum "Workplace Health, Safety & Wellness"** World Class performance demands a World Class environment. This will be a practitioner-to-practitioner exchange.

□ **Dec 6-7th (TBC) The Lean Design Workshop – 2** intense days with one of North America's best Design & Project Management leaders – **Ron Mascitelli.** His new book will be included. For companies who simply need more products faster by driving waste out of the process.

□ **Dec 9th The Lean Accounting Roundtable – A frank exchange among those implementing the toughest transition in any company...** a transition that may salvage and amplify the investment in Lean

□ **Jun 6-10 (2005): "Implementing & Sustaining Lean Thinking Across the Enterprise"** An AME major Practical Education Conference in Edmonton Canada. It will be of special interest to innovative leaders & companies **who want to use this 5-Day conference to inspire their enterprise to produce spectacular results over the next 11 months.. and reward them with the opportunity of being on this program!!** Such companies are being sought as part of the 32 Best Practices to be presented – by companies such as yours with an achievement story to tell. Call for presentations will be issued in August... this is a heads up. This 5-day conference is for 'doers'.



Australia Mirrors Canada's Stress with Dollar & the Impact of China

The Action: Aussies have 2 Missions this fall. The CDN Mission leaves Oct. 24 & returns Nov. 9th... email Dave for details... there's still room!

The following is excerpted from a survey done by the Australian equivalent of our CME regarding the impact of China on mfrs. Much more can be found on the Australian Industry Group's website

www.aigroup.asn.au

"China's impact on the domestic mfg. industry Survey findings confirm that China is a critical issue for Australian manufacturers" Here's why:

- More than **two-thirds (68.4%)** of all firms are affected by China in either customer or supplier markets.
- While some are benefiting from China's emergence as an export market and as a source of low cost inputs, the survey shows China is having an overall negative net impact on activity and profits through its competitiveness in the domestic and export markets of Australian firms.
- Based on survey responses, Ai Group estimates the impact of China translates into a financial loss for the domestic manufacturing sector in the order of \$560 million over the past year (or 0.21% of total turnover).¹
- Listed below are some examples of China's estimated impact on Australian manufacturing.

The responses of Australian Mfrs to China

Firms are aggressively responding to the opportunities and confronting the challenges presented by China. Of those firms affected by China in either customer or supplier markets, 87.9 per cent have formally implemented some change to company strategy. Across all manufacturing, the most frequently nominated strategic responses to China were:

- Accelerating the **pursuit of production efficiencies** (38.9% of surveyed manufacturers)
- Sourcing more imports from China for use in domestic production (31.5%)
- Accelerating the adoption of new technologies** (30%) and moving up or down the company's supply chain.

Taking into account survey responses and adjusting for an overweighting of exporters and large firms in the survey, it has been calculated that five per cent of all Australian manufacturing firms are in the process of responding to China by shifting at least some productive capacity to China. As well, it is estimated that 4.2 per cent of Australian manufacturing firms are in the process of shifting capacity to a third country. Firms citing that productive capacity had been relocated to China or a third country accounted for a disproportionately large share of turnover (almost 40%) among responding firms.

China's influence varies among sectors

Survey results also show China's influence on activity across the 12 major manufacturing sectors is uneven, largely reflecting varying trade exposures:

New Announcement: As of this week **CDN & US folks can team up to "Go See" First-hand Why China May well be Critical to Your Business...** it is already impacting more than two-thirds of all Australian Mfrs – will it be much less for North Americans? This "International Innovation Insights" trip, supported by the National Research Council & organized by CME, could be ideal for your customer, supplier, or your Head Office/Field Office.

Getting the Straight Goods...

Missions to China this fall

Canada: 24 October – 09 November 2004

A Trade & Technology Mission that includes: Tours of leading-edge Chinese mfg. companies; Infrastructure insight opportunities – visit Canton Fair & China-Asean Expo; Potential business partners, **Locations include: Hong Kong, Guangzhou, Chengdu, Shanghai, Beijing...**

Australia: 12-18 September 2004

Capture Business Opportunities in China – Includes Mission to Shanghai & Tianjin

Australia: 23 October – 04 November 2004

Design Industry Capability Mission to Eastern China - Access the senior decision makers of the world's fastest growing economy.

- In terms of China's potential as an export market, the textiles (particularly unprocessed products such as yarns and fabrics), chemicals, petroleum & coal products, food & beverages, and basic metals sectors were those benefiting most, relative to all industry. These sectors are benefiting from strong Chinese demand for products linked to Australia's natural resources and agricultural base.
- China's influence is greatest in terms of its impact on domestic competition through imports. For all sectors, more than one in five firms reported China impacting on competition in the domestic market. Sectors such as textiles (particularly carpets and other finished products), clothing & footwear, basic metals and wood, wood products & furniture report relatively strong competition from China in domestic markets.
- China's (negative) impact on Australia's export markets was strongest in the textiles, basic metals and miscellaneous manufacturing sectors.
- A positive for industry is the ability for local firms to source low cost inputs from China for use in domestic production. Textiles (mainly in the form of finished textile products), clothing & footwear, basic metals and transport equipment producers were among those benefiting most.

Sep. 23rd - HPM Forum #5: A 6-Company Practitioner Exchange
Cutting Admin Waste – Using Value Stream Mapping (VSM) to Accelerate
Information Velocity & Cut Cycle Times” ~ Delta Airport Hotel Dixie/401

Bring the whole team for this one...

“You cannot get a part or service through your organization any faster than the information that precedes it!” Ontario Centre for Advanced Mfg.

The program will be finalized this week: The following are confirmed now:

Canada Post – Hear the top rated presentation made at Jim Womack’s Lean Service Summit in Amsterdam... a powerful case for the application of VSM EVERYWHERE. **Orenda Aerospace:** Accelerating Planning Processes; **Corporate Express:** Streamlining 1) New Account Setup 2) Accelerating the Hiring Process; **World Vision:** Accelerating Process Cycle times; Two more program elements to come.... Register today by calling Nicole at the HPM Office 519-893-6260 Registration: Full day, Lunch, Refreshments ~ \$175 HPM/AME Members - \$295 Non-Members + GST. Register online next week

Canada Post & Rockwell Automation Exchange High-Value Insights – while leveraging each other’s Lean experiences

Last Monday, Team Canada Post leaders organized by CPC’s Jim Jackson visited Rockwell Automation to investigate a number of practices ranging from Standard Work, to 5-S, and Deployment Practices. Rockwell warmly welcomed the first ‘formal’ exchange between HPM Members and our newest Member - Canada Post. Judging from the positive feedback from both James and Rockwell’s Lean Master Cynthia Bruns, and Business Unit Manager for Standard Products, Paul Deckert there will be more to come in the future, as each is a substantial opportunity to lever each others resources and experience.

The Power of “Exchange” & “Leveraging”

Over the years, our Chair of Leveraging – **Gerrie Electric’s Richard Solonenko** has repeatedly confirmed to us the takeaways possible such as those gained by the CPC and Rockwell teams last week. From Team CPC, Here are some of the things our friends at Canada Post noted. They are expressed below in their own words:

- “Employee participation and ownership in their work areas – as we saw during our floor tour, it was the employee’s who were the ones actually speaking to us about their work units/cells
- Company and employee commitment to 5-S & lean practices
- How they implemented lean in different steps and did not move on until the current step/process was sustained i.e. 5S used to get rid of the clutter and organize the workplace – *then the value streams were mapped to identify potential improvements.* That started to initiate visual order
- Their greatest challenge in the beginning was to cascade down to all levels in entire plant what 5S is all about and getting their staff to buy in. Yes, they had numerous failures/setbacks in the beginning; however they kept re-evaluating what they were doing and made changes with employee involvement where

necessary. They did not give up - and were committed to succeeding

- Believe we have a good model for our 5-S workshops, however, I believe the visit helped me to step back and reflect that we should re-evaluate that we were not biting off more than we can chew at one time, what we knew our greatest challenges to be, and the importance of cascading 5S down to all employees - not just employees involved in workshops

“A Knowledge Exchange leads to new perspectives ... But Leveraging means you actually did something of value with the knowledge you gained.”

Richard Solonenko, Gerrie Electric, HPM Chair, Leveraging

- Found Rockwell’s team were very willing to share their setbacks and successes and their best practices. Cynthia took the initiative to send us their 5S audits sheets to help us in our endeavor to sustain our improvements
- The visit helped underline that we need to re-evaluate our information centers, and the information we are providing as to the value added. At Rockwell, each cell had a standardized information centre & each work cell had scheduled meetings around these centers. It was the employees who determined what information these centers should contain
- My greatest surprise was the length of time it took Rockwell to get where they are today – 4 years to achieve sustainable results in 5-S before moving on to value stream mapping, then 6 months just brainstorming what visual controls were. Nothing wrong, just an eye-opener on our challenges
- Well-thought-out recognition programs. Work cells do take ownership for performing their own self-audits
- 5-S, Value Stream Mapping, Visual Order/Control and Continuous Improvement organized through Steering Committees
- 5-S matrix based on square footage Information centers had the personal touch
- How they used 5-S to get rid of clutter first, then concentrated on improvement areas”