

Volume 11, Issue 43 ☐ October 25, 2004

Important Dates to add to your calendar...

Both of these workshops are fundamental building blocks in Lean Accounting – they are a full GO at Velcro Canada: **Still Space – Call Nicole at 519-893-6260.**

☐ **Oct 27th Solving the Standard Costing Problem** The Lean way to think about costing. Ask Nicole at 519-893-6260 for an outline and registration ~ www.hpmconsortium.com

☐ **Oct 28th Strategic Performance Measurement for Lean Manufacturing** A “Starter Set” of performance measures linked to Lean goals. Ask Nicole at 519-893-6260 for an outline & registration ~ www.hpmconsortium.com

☐ **Nov 3rd 8:00 - 4:30 HPM Share Showcase '04.** Location: G.E. Meadowvale Theatre. Limited to HPM'ers who'll 'showcase' their 'Best Practices.'

☐ **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 1st AME/HPM 8:00 to 5:00pm “Breaking the Safety Barrier: Implementing Culture Change”** Dr. Steven Simon. A 1-Day intense culture change workshop. Call AME: 905-681-3960.

☐ **Dec 6-7th The Lean Design Workshop** – 2-intense days with North America's best Design & Project Management leader– **Ron Mascitelli**. His new book is included. Designed for those who need **more products faster**.

☐ **Dec 9th The Lean Accounting Roundtable** – A **frank exchange among implementers** that will help protect one's investment in Lean strategies.

☐ **Jun 6-10 (2005): “Implementing & Sustaining Lean Thinking Across the Enterprise”** An AME major Practical Lean Conference in Edmonton. www.measureupforsuccess.com

Quote of the Conference...

From Mr. Atsushi Niimi, President & CEO, Toyota Motor Mfg. North America – when asked to comment on Liker's best selling book “**The Toyota Way**.” His answer:

“If the book were written by a Japanese person it would have been a page and a half long.”

“Children are living messages to a time we shall not see”

AME Conference, Covington KY

HPM MEMBER EMPLOYEE PLANT TOURS

NEXT: NOV. 9TH, 9-11AM ~ OAKVILLE

TOUR SITE: Mancor Industries, 2485 Speers Road
Oakville, ON L6L 2X9

SITE

COORDINATOR: George McKnight, Plant Manager
905-827-3737 X613 gmcknight@mancor.com

REGISTRATION: Send names, title, phone number and email address of participants to Nicole at:
info@hpmconsortium.com

Limited to 12 participants: First come basis.

DEADLINE: November 4th to register.

WHAT WE ARE

DOING WELL: 5S in their maintenance area

WHAT WE WOULD

LIKE HELP WITH: 5S implementation in the office and plant

HPM's First Annual Share Showcase Nov. 3rd ~ To Feature....

COM DEV

- The **lean transformation** of the machine shop
- Before & after pictures & a possible video of the new area.

Gerrie Electric

- **Going paperless** in the Accounts Payable department.

Mancor

- **Standard work** instruction for all machines at RWD

Velcro

- **Continuous Improvement** – Team will present the C.I. efforts that supported Velcro's objective to achieve a supplier award with a major customer

Canada Post

- Adding value by **focusing on the white space** (hands off) outside the plant
- Project examples include outcomes, supplier quality and rework process ownership

Rockwell

- **Cell Implementation:** Includes overall strategy, concepts employed, layout issues, HR issues including management structure, financial reporting, cell visuals and implementation issues.

Orenda Aerospace

- **5S, TPM & Visual Management** in Machining Cell

GE Burlington

- **Environmental health and safety culture change**, how GE changed a culture

Beyond Cost Cutting

Our good friend, Dan Jones, was the keynote speaker at the huge AME Lean Intl. Conference in TO last year. Dan runs the 'Lean Academy' in the UK and shares his findings, as does his partner, Jim Womack – both are co-authors of the best seller "Lean Thinking"

Dear Dave

What is in your plan for going lean over the next year? Do you still think of lean as just a program for eliminating waste and cutting costs? Have you woken up to the full potential of applying lean thinking to every process in your business?

Toyota's latest Annual Report just arrived on my desk. While most Annual Reports are really boring, Toyota's are in my view essential reading. **Every year it spells out with absolute clarity what Toyota intends to do over the next year.** And then it goes ahead and does it! It seldom misses a target and is quite frank about the challenges it faces, which it calls its new frontiers. Think of it as a high level summary of their A3 reports on the plans they are working on right now.

The first new frontier is its investment in new engine safety and driver assistance technologies. Toyota was always thought of as a conservative follower taking incremental steps forward, rather than as an innovator.

However, times have changed. In engine technology, it is already way ahead of the competition with its second generation hybrid powered car, the Prius.

Hybrids are going to rival diesel engines as the power source of the future, particularly in North America, where they will appeal as the 'guilt-free' large car or truck. Toyota began its 'out of the box' thinking about green technologies many years ago. It has now shown that its lean product development process can turn these innovations into marketable products faster than anyone else. What are you doing to anticipate, rather than follow the challenges from your marketplace?

Second on their list is production engineering. Here their slogan is "Lean and Simple". They are rethinking every one of their production processes, so they can be redesigned to save cost and so they can be used by less experienced employees in their new facilities across the world. **This means for instance, reducing die casting, forging and plastic injection moulds to between one third and one tenth of their original sizes,** and, reducing the length of their new engine lines by between two thirds and five sixths. This is also out-of-the-box thinking.

We should not miss the significance of this development. Most engineers designing new equipment (the same applies to new software systems) still dream of the even bigger, better, faster and more capable machine. As a result, you often see the ridiculous situation of a huge line of big machines stretching across the shop floor making a piece that can fit into your hand!

I recently visited just such a plant in Germany, where they love bigger machines. Luckily this firm now realizes that bigger machines are not the future. Like Toyota they are

busy designing simpler, cheaper and more manual systems for their next generation products. They also showed me some prototypes of their next generation modular, desk-top machines that can be combined in any sequence to make a wide range of small products. These machines also require less operator knowledge and can be moved round the world very easily.

This greatly facilitates the compression of each value stream, so that as many value-creating steps as possible can be placed close to each other. Not only are these clever but simple machines less expensive, but capacity can be added (and removed) in smaller increments to mirror changes in demand over the lifetime of the product in each region.

Perhaps the most interesting thing is that designing smaller, smarter and simpler machines is an even more exciting challenge for the next generation of engineers than designing the next even bigger machine. In my view, every business is going to have to think about this in the future, rather than relying on general purpose machines bought off the shelf. Are you working to rethink and simplify the design of your equipment and production systems for the future?

In addition to this - out of the box – thinking, Toyota is **continuing its aggressive cost reduction program and increasing its capacity round the world by leaps and bounds, particularly in China.** This global expansion presents Toyota with its biggest challenge, developing enough managers and engineers to run all these operations with sufficient knowledge of the Toyota Way. To this end, Toyota has established the Toyota Institute to train future leaders and a new Global Production Centre at its Motomachi plant to train managers to run its plants across the world.

Many of you will have heard that Toyota attributes its success to brilliant processes and to a production system designed on lean principles. However, this in turn is underpinned by a deep knowledge base of problem solving and process redesign. This knowledge is built up as **every employee goes through successive rounds of problem solving and root cause analysis,** which are captured in a common format, an A3 report. It will be a challenge for Toyota to speed up this knowledge acquisition by new employees from new locations without diluting their performance.

Following Toyota's example it is clear that **the big gains from lean come from feeding back lean knowledge into the design of the next generation product and equipment and from thinking outside the box.** The real question is how much time and effort are you planning to invest in making this next lean leap, beyond today's cost cutting?

Jim Womack and I will be picking up several of these themes at the **Lean Management Summit in Aachen, Germany on 11-12 November.** I wish you the best of luck in thinking through your lean plans for next year.

Yours sincerely, Daniel T Jones - dan@leanuk.org

PS. You can download Toyota's Annual Report from www.toyota.co.jp, where you might also enjoy visiting Planet Kaizen. Details of LEAs new workshops in December can be found at www.leanuk.org and for the Lean Management Summit in Germany at www.lean-management-institut.de.