

**Volume 11, Issue 44 □ November 01, 2004**

*Important Dates to add to your calendar...*

- **Nov 3<sup>rd</sup> 8:00 - 3:30 HPM Share Showcase '04.**  
Location: G.E. Meadowvale Theatre. Limited to HPM'ers who'll 'showcase' their 'Best Practices.'
- **Nov 9<sup>th</sup> 9-11am, HPM Employee Plant Visits...**  
Employees from any HPM company can sign up to visit another HPM company. A spectacular element of this week's visit to Mancor is the **Workplace Organization in the Maintenance shop.** Worth the trip.
- **UPDATE: The Nov 18<sup>th</sup> HPM Forum: "Workplace Health, Safety & Wellness" is being rescheduled to February in support of the Dec. 1st "Breaking the Safety Barrier" session (below)** which features the key to all successful programs – the development of the right culture.
- **Dec 1<sup>st</sup> 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 6-7<sup>th</sup> 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 9<sup>th</sup> 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](http://www.measureupforsuccess.com)

## FREE HPM EMPLOYEE PLANT TOURS

**Nov. 9<sup>th</sup>, 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](mailto:gmcknight@mancor.com)

**REGISTRATION:** Send names, title, phone number and email address of participants to **Nicole** at:  
[info@hpmconsortium.com](mailto:info@hpmconsortium.com)

Limited to 12 participants: First come basis.

**DEADLINE: November 4<sup>th</sup> 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'ers... in your own maintenance shop –  
can you find what you need in less than 2 minutes?  
Mancor can - Come see how Nov. 9th.**

## Bob Gillespie, Chairman & CEO, GE Canada to Address HPM Share Showcase

**On Wednesday, Nov. 3<sup>rd</sup> at GE Canada's headquarters in Mississauga,** HPM member companies will gather for their first "Share Showcase" and exchange of best practices. Each company will make a brief presentation to everyone with lots of time to meet and exchange ideas with each other over their table top presentations.

<b>Time:</b>	8:00-8:30	Setup of table top displays
<b>Start:</b>	8:30	Introduction of Bob Gillespie
<b>Lunch:</b>	12:00	
<b>Adjourn:</b>	3:30	

### Urgent:

- 1) Everyone **must have Photo ID** for entry to GE HQ
- 2) Setup must be complete by 8:30am

## Program

### Canada Post

- Adding value by **focusing on the white space** outside the plant
- Project examples-outcomes-supplier quality-and rework process ownership

### Velcro Canada

- **Continuous Improvement** – What it takes to be 'supplier of the year'

### Orenda Aerospace

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

### COM DEV

- The **lean transformation** of a machine shop. Before & after pictures-approaches-results-lessons learned

### GE Multilin

- Lean manufacturing through digitization

### Mancor

- **Standard work** instructions for all plant machines

### Rockwell Automation

- **Cell Implementation**-strategy-concepts-layout issues-HR issues-management structure-financial reporting-cell visuals and implementation issues

### Gerrie Electric

- **Going paperless** in the Accounts Payable department... from hours to minutes

### GE Burlington Inspection & Repair Services

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

### Roundtable Discussion

**Each company highlights the top two ideas** they feel they can use – and one they found most interesting.

-- Round the room Kaizen – *thoughts on the day*

### Wrap Up

## Leadership's Role in a Lean Enterprise Transformation

*Here is one of the top keynote addresses at this year's AME Annual Conference in Cincinnati, Ohio on October 22, 2004. While the dominant program element was Larry King's "Great China Debate" this keynote by Jeffrey J. Owens, President of the Delphi Electronics & Safety division of the largest parts maker in the world - Delphi Corporation - was a much sought after reprint. It is provided here in its entirety.*

"Good morning. I'm very honored to have been invited to speak to this group today. And I'm excited about the theme of this year's conference - Focus on Global Enterprise Excellence.

At Delphi, our corporate culture is based on a philosophy of Excellence. Excellence focuses on customer satisfaction and business results, which only come through enhanced operational performance.

Our commitment to Excellence enables Delphi to aggressively pursue our lean enterprise initiatives. I think it's important to point out that although I'm the president of our electronics division, our initiatives are really applied throughout all of Delphi ... whether our operations are making engine controllers, fuel pumps or halfshafts. Today, I'll talk about these initiatives, and leadership's role in transforming the enterprise to achieve them.

I won't spend a lot of time preaching to the choir, since I believe most of us are already on board with the concept of lean. This conference has offered many practical ideas to help build your knowledge of the subject ... regardless of whether you're just starting your journey or you are a veteran far down the path.

My goal this morning is to help shape your thinking on one important aspect of the lean enterprise - what "lean leadership" really means to our companies and our shareholders.

So, since I'm surrounded by experts ... let me start out by giving you a short quiz. This is a sample of the questions that we give to our leadership on a regular basis ... I'll just give you a few and then I'll review the "Delphi answers" at the end of my presentation.

First one ... A new engineer is given a task that he knows nothing about. As his supervisor you should:

*Tell the employee to do the best he can*

*Perform the task with the employee observing*

*Ask the employee to go observe what is going on and come back to discuss his findings*

*Assign the task to someone else*

Ok, second one ... The Lean Leader tends to ask first in a problem situation:

**A.** *Who is responsible?*

**B.** *What happened?*

**C.** *How do we fix this?*

*Live from the largest Lean Conference in North America this year... the 20<sup>th</sup> AME Conference in Covington KY*

## Highlights - AME Conf.

The urgency of responding to competition was highly visible everywhere. Talking to Canadian & US companies brought identical responses - and here are some of them...

- ▶ Companies with outstanding success stories to tell **cannot understand companies who are not using Value Stream Mapping** based on the difference its made to their search for higher margins or increased competitiveness. Examples of the increasing use of VSM by Chinese companies is ominous for many
- ▶ In 20 years **the interest in Healthcare has never been as great as at this conference**. At one of the sessions packed with manufacturers who recognize what healthcare costs are doing to their business - Cindi Jimmerson, Chairman of Lean Healthcare West in Montana presented a jarring 4-year journey of their application of the Toyota Production System from their emergency department to medical infometrics. **She may be coming to Edmonton in June to relay her potent message to Canadians.**
- ▶ HPM'ers who saw the incredible systematic way the **RAF Harrier Jump Jet team** attacked lean to dramatically increase the potency of their air force by keeping more aircraft flying would have been very impressed. Attendees we spoke to who had been at the Toronto conference remembered the 'Go forward plan' of the team... and were amazed that they had achieved all of those prospective goals and more. In pressing the companies - both small and medium companies said that the presentation had powerful messages for their firms - **"In fact, we forgot they were even talking about aircraft as we began to see the applications in our company- big time."**
- ▶ The cross-section of attendees from 20 countries spoke the language of lean. We specifically spoke to Gold Miners from Marathon Ontario who are deep into the application of Lean - to food processes, to healthcare professionals who were there to 'steal with pride' from manufacturers, as well as manufacturing infrastructure companies both big and small.
- ▶ One topic that was emphasized this year was tackled from many different perspectives. The topic was **New Product Development**. It was of high interest, drew high attendance, and was highlighted in the keynote speeches as probably the major 'playing field leveler' with China. This topic was the theme of a Workshop delivered by Ron Mascitelli at the conference as well - Ron is the person who will be delivering the **"Lean Design Workshop" on December 6<sup>th</sup> and 7<sup>th</sup>** in this area. Previously he has been hired by Canada's National Research Council to train some 12 Canadians to deliver courses related to this topic - and one of those being trained is HPS's Scott Masich.

**D. Why did this happen?**

Okay, last one ... The common ingredient of successful lean leaders in a manufacturing study of lean leader attributes was:

- A. Deep experience
- B. *Proven ability to implement change*
- C. *Appetite to learn and teach*
- D. Driven by accomplishments

Again, I'll go over our answers to these in a few moments. But the answers are less important than why we ask the questions in the first place – because, at Delphi, we feel the success of the lean enterprise is leadership-dependent, and because we also believe lean must be an integral part of leadership development.

I suspect that, as many of us began our lean journey, our focus was on studying the tools – and learning not only exactly where to apply them, but also where not to apply them. But, while tools are important to lean success, their use must be governed by overriding goals: eliminating waste and reducing the lead time from the start of our process to the hands of our customer – better yet, from the customer order to cash in hand.

So, if the goal of lean is to improve enterprise performance – then how do we elevate it to the next step? How do we get beyond simply understanding the tools of lean manufacturing and place the focus on generating better results within a lean enterprise?

Personally, I believe it has a lot to do with a combination of commitment and leadership.

Now, to truly elevate lean to a strategic level, commitment to continuous improvement is essential. This means walking the talk – seriously devoting yourself and your resources to improving your operations, relationships and, in the end, your business.

In most organizations, it's counterintuitive to point out problems and display them to management... we used to call this "career suicide!" In fact, as we all know, in many companies, the easier and smarter thing to do is to put as much distance between yourself and a problem as possible! However, in a committed lean enterprise, shining a light on problems is not only safe – it is expected. When you truly commit to continuous improvement, it becomes how you run your business ... because as the words imply, continuous improvement is never done.

Lean really requires a culture change for most organizations. This is why leadership is so essential. You won't truly experience a culture change without the right leadership, since continuous improvement needs to be an expectation. Let me give you an example.

One of Delphi's plant managers, Mario Serrano, and his team at our Delnosa Plants 5 & 6 in Reynosa, Mexico, were able to increase productivity by 41 percent and improve first-time quality by 76 percent over a three-year period. They made the improvements by applying kaizen concepts to eliminate waste and increase operational availability. In addition, inventory turns increased 70 percent, asset

utilization increased by 40 percent and cycle time was reduced by half. Also, combined with the rest of the Delnosa Operations, they have exceeded 50 million hours of work without a lost workday case.<sup>1</sup>

These are impressive results – in fact, Mario and his team were rewarded with the Shingo Prize this year for these accomplishments. But, what I find even more impressive is that after the celebration was over, the team got right back to work on improving their operations. Mario is a manager who knows how to reward excellence, but he's made sure the plant hasn't rested on its laurels. It's truly within the culture that continuous improvement is never-ending; in fact it's only just the beginning. That's why the Shingo Prize – as much of an honor as it is – wasn't enough for this plant.

Delnosa is a great example of how solid leadership can drive an attitude of continuous improvement, which then drives results.

Let me give you just one more example. We've learned a great deal from Toyota over the years. In fact, earlier this week, many of you probably had the opportunity to hear Art Niimi, president and CEO of Toyota Motor Manufacturing North America, talk about "Respect for People in Toyota." There are many lessons we can learn from the example that has been set by their successes and the leadership that has guided them to excellence.

A few years ago, Fujio Cho, then president of Toyota Motor Manufacturing, gave an insightful speech on the subject of leadership. Mr. Cho worked many years with Mr. Ohno, the creator of the Toyota Production System, the model for the lean systems most of us follow today.

In these tough economic conditions, the challenges facing our companies seem daunting. But, they pale in comparison to the challenge facing Toyota following World War II.

At that time, the U.S. Big 3 were ten times more productive than Toyota. Mr. Toyoda, founder of Toyota, challenged Mr. Ohno to catch the Big 3 in three years. He failed ... it took about 30 years.

They had little capital and their main resource was dedicated, hard working employees ... sounds like your company, doesn't it?

But, unlike our companies today, Toyota had no example to follow. They had to invent their system. It took ingenuity, but most of all, it took solid leadership – from leaders who focused those hard working employees on the proper objectives, provided them with the tools and training to improve their performance, and recognized the actions and behaviors that moved the organization closer to its goals.

I think both of these examples provide some insight into how commitment and leadership must intersect in a successful lean enterprise.

Next, I want to talk about specific actions we can take, as managers and executives, to drive lean forward in our companies. Again, this is based on extensive study of

companies like Toyota, as well as some first-hand experience at Delphi.

First, we must walk the talk. It's often been said that culture is how we walk, not how we talk. You can't dictate culture. I know that sounds simple, but ask yourself what you, your staff and your boss are doing to take things a step further – to continuously improve. Your commitment needs to result in actions, and your words in support of lean must be matched by the right decisions, and the right investments.

I've observed that very few automotive executives truly understand lean principles ... and worse, even less give lean manufacturing the attention it deserves. That can prove to be a fatal mistake. It's leadership's role to understand lean ... you can't delegate it ... you have to learn it. After all, if you can't teach it, you'll never be able to lead it.

Toyota is a great example of this. From the very top of their company down, everyone is a student and a teacher of lean principles. Delphi has worked with Toyota for years ... and it always amazes me that even their highest level executives can walk into any of our plants and instantly see how material flows and also point out waste. And they may have never been in an electronics plant before... They offer us valuable insight based on their thorough understanding of lean ... so in other words, they actually walk the talk.

Second, as leaders, we need to set extraordinary expectations of our staffs and ourselves. If you think of my Delnosa example, it's easy to see how extraordinary expectations can make a significant impact.

Additionally, we need to focus our team on just a few themes chosen to integrate and align our corporate initiatives.

This has been instrumental in Delphi's approach to a lean enterprise. Our common themes are first-time quality, flawless product launches, operational availability and model-to-model cost reduction. Each of our areas has very specific initiatives and action items to help us with these themes – to keep everyone at Delphi – and everyone in our supply base – on the same page.

On a related point – which often gets overlooked: Leadership should make sure that the DNA of lean is clear to everyone. The DNA ... the building blocks ... of lean. That means standardized work and common processes. We also have to ensure our actions are value-added in the eyes of our customers, and the best way to find that out is to have a direct dialogue with them. After all, I've never met a customer who would hesitate to tell you what his or her expectations are. We also need direct and simple paths for our products; and, of course, we need to make continuous kaizen improvements every day at every level of our organizations – kaizen with a zero defect objective.

Another step to fostering continuous improvement is for leaders to go to gemba, as Toyota calls it ... or, spend time on the factory floor where the actual work is being done. We should be motivators on the floor. We need to observe what is happening – respect the facts. We also need to encourage problem solving at every level, within cross-functional teams. Manufacturing might have great ideas, but

if human resources can't support them through solid labor relations, we've missed a critical component. Engineering can develop a new design, but if Purchasing can't buy the right parts for delivery at the right time, we've lost a significant opportunity.

Also, when you visit a plant, a service center, an engineering center and so on, spend the majority of your time on the floor. If you're spending the bulk of your time in a conference room, you're not close enough to the heart of your business.

Another aspect of leadership that can help move an organization further down the path is support for structured problem solving, by asking probing questions that promote critical thinking. At Delphi, like in many organizations, this has become known as the "5 Whys," where we ask a series of "why" questions to drill down to the root cause of waste. But whatever form of structured problem solving you use, it's your role as a leader to champion it. After all, good problem solving skills are an asset no matter what the job or organization. That's not just a manufacturing assignment.

Issue prevention is another aspect of lean that benefits from our leadership support, as we help our organizations shift the focus away from solving issues that have already occurred, and toward preventing problems from occurring in the first place. At Delphi, we are making this shift in thinking on our customers' new product launches, using a proactive approach called Mizen Boushi. Basically, we are working to detect potential future issues or failure modes in the very early stages of product and program development. We're finding hands-on involvement from our leaders is key to helping our employees develop a mindset of prevention... instead of reaction.

Which leads me to my next action item for leaders ... we also need to depend on our people and encourage them to adopt problem solving and prevention behavior. If we make work easier on the floor through training and skill development, employees can spend more time using their heads instead of their hands, and that's a major benefit to our companies... no matter where you are in the work stream flow.

Follow-up is another aspect of lean where, as leaders, we have an active role. Too often leaders don't take the time to follow up on assignments. I know this sounds basic, but your team needs to clearly understand your expectations, and they need to see your commitment – again, go to where the work is being done and follow up... show your interest in learning and teaching by following up!

Part of following-up is to systematically track improvements using metrics that can be measured on a regular basis. One of the best pieces of advice I've heard is "don't measure it if you're not going to analyze it, and don't analyze it if you're not going to do something about it."

I believe leadership must track improvements, analyze the results and make sure that they can be replicated ... this is a systematic process that needs to be a primary focus of any manager.

One item that has been extremely beneficial at Delphi is the use of models – we use model plants, cells, and so on, to practice improvements and demonstrate lean methods. This is an important tool in actually demonstrating how lean is done.

We also have made great advances in helping our suppliers. The results have been dramatic while we've continued to build trust. It's been an impressive relationship-building initiative. It's not intuitive and requires a lot of trust between supplier and customer. The two parties have to be willing to share technology, share risk, share benefits and ultimately, to share accountability.

Together, we work to identify the lowest cost for the item being purchased. We study this process-by-process, raw material cost, scrap, set-up time, even inventory and transportation, warehouse cost ... then, we research and study major items and try to redefine the lowest cost standard to an even lower cost ... but that's not all. We work with our suppliers to help them redesign their processes so it is possible to meet those lowest-in-the-world costs. Not price, but cost.

Finally, we need to make things easy to build. Engineering is often left out of the lean equation, which can prove to have disastrous results. I mentioned problem prevention earlier – a key area to involve engineers – particularly when they are designing new products.

Engineers should have manufacturing in mind when they are at the drawing board – when that first line is laid down... And all functions – purchasing, engineering, manufacturing and manufacturing engineering – should be involved in product development at the same time. Early and often.

So I hope these action items on lean are as helpful to you as they have been to those of us in leadership roles at Delphi.

Okay, now the answers to the quiz ... at least from Delphi's perspective.

A new engineer is given a task that he knows nothing about. As his supervisor you should:

- A. Tell the employee to do the best he can
- B. Perform the task with the employee observing
- C. Ask the employee to go observe what is going on and come back to discuss his findings
- D. Assign the task to someone else

Our answer is C. Asking the employee to observe the current state is a good first step. This "go see" attitude prevents us from making assumptions and jumping to solutions without having witnessed things firsthand. Having the employee return to discuss his or her findings provides the opportunity for the supervisor to check the level of understanding. It also allows the manager to ask questions that will help the employee complete the task successfully. Both of these actions help create the learning environment necessary to develop employees into good problem solvers. The other three choices offer minimal or no opportunity to create a learning environment.

**"Children are living messages to a time we shall not see... it is imperative that we make them as connected as possible."**

Gus Whalen, CEO Featherbone Corporation

Second ... The Lean Leader tends to ask first:

- A. Who is responsible?
- B. What happened?
- C. How do we fix this?
- D. Why did this happen?

Well, our answer is D. "Why" is always first. We used to be different. We used to ask the 5 Who's and not the 5 Why's... kind of a Donald Trump School of Management... that almost guarantees a non-learning environment. The application of the "5 Why" technique will lead to the who, what, where and how answers.

And, the last one ... The common ingredient of successful lean leaders in a manufacturing study of lean leader attributes was:

- A. Deep experience
- B. Proven ability to implement change
- C. Appetite to learn and teach
- D. Driven by accomplishments

Frankly, they are all good answers – and they are all right. However, at Delphi, we teach our team that C – the appetite to learn and teach – is the best one. In fact, senior members of the Toyota Supplier Support Center responded that the management team implementing change must have an appetite to learn and teach. At Toyota, it's the number one attribute they look for. It's a vital ingredient for a good lean leader.

And, lean leadership is what it's all about. To truly succeed in business today we must all be completely focused on continuous improvement. By creating a problem solving culture in our organization, opportunities to continuously improve will present themselves.

I also believe it's important to realize that creating a lean enterprise is really creating a business system – it's not just the latest collection of lean techniques. It's not only how you run your manufacturing operations, it's how you run your departments, your functional areas, and ultimately, your enterprise and your company.

Finally, I think the only way to the next level in lean – to create a true lean enterprise – is through solid leadership. Only committed management can lead a company in its lean journey towards excellence. Your lean progress depends on you personally – it will go no faster than you do.

Mario Andretti once said "desire is the key to motivation, but it's the determination and commitment to an unrelenting pursuit of your goal – a commitment to excellence – that will enable you to attain the success you seek." Now, I couldn't agree more, and I hope the leaders in the room today continue their unrelenting pursuit of a lean enterprise.

I thank you for your time this morning. I'd be happy to answer any questions"

<sup>1</sup> Per Shingo Prize profile