

**Volume 11, Issue 47 □ November 22, 2004***Important Dates to add to your calendar...*

- **Dec 6-7<sup>th</sup> The Lean Design Workshop** – 2-intense 8-5 pm days with North America's best Design & Project Management leader– **Ron Mascitelli**. Go directly to [www.hpmconsortium.com](http://www.hpmconsortium.com) for full details.
- **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)
- **HOT:** Come January, employees of all HPM firms can tour all other HPM members every 2 weeks. The schedule for '05 will be posted shortly. At the last visit before Christmas, **Mancor's George McKnight** was pumped by the value the visiting 'outside eyes' brought to his company as he pressed them for suggestions & thoughts. Get ready folks.

## Rockwell Wins CDN Top Innovation Award for Process Excellence (Lean)

On Wednesday night, at **Innovation & Exports 2004** - attended by some 4,000 people – our **Paul Deckert and Cynthia Bruns** accepted the **Process Excellence (Lean) Award** on behalf of HPM Member **Rockwell Automation** at the Palais des congrès in Montreal.

In accepting the award from the Canadian Mfrs & Exporters, and the award sponsor, Microsoft Canada, Paul Deckert confided he'd never experienced anything quite like this – "There *was* a huge number of people present when we walked forward – it was awesome," he commented.

"Today, Canadian manufacturers and exporters stand at a critical crossroads. They deal daily with a growing number of current market challenges and opportunities. This important award program provides an opportunity for the industry to recognize its best and its brightest," said CME's

## Leaders prepare... to be prepared!

If data over the last 18 months proves right... the near-future winners will be those who prepare now to change the way they bring new products & processes on line faster, cheaper, & with higher quality. **It isn't & won't be easy**, as cutting the cycle times will require change.

**Design cycle times, for many, are highly resistant to change.** The evidence indicates that we cannot compete in many traditional commodities against China and others, both local and international.

**But we can compete - if we choose to - where innovation and ingenuity is involved.** To help prepare for this, HPM is sponsoring Ron Mascitelli's trip to Canada **Dec. 6<sup>th</sup> & 7<sup>th</sup>** to deliver "**The Lean Design Workshop**" at **Rockwell Canada... the just-announced winner of the 2004 Canadian Innovation Award for "Process (Lean) Excellence."**

We are limited to 50 people. Companies in serious markets are signing up teams to really help accelerate the process – one is sending 6 team members, with COM DEV sending more than 3... Reserve quickly if the content spelled out on [www.hpmconsortium.com](http://www.hpmconsortium.com) is needed in your team. **Check out the site for full details and registration.**

**Ron is the best I have seen in North America.** He knows that in addition to the design paradigm... effective lean management of the process is just as essential. Hence, you will take away high value **practical** tools – many of which can be applied immediately.

## ***Congratulations and a collective tip of the HPM hat to Team Rockwell! Well done!***

### ***2004 Winners of the CDN Process Excellence (Lean) innovation Award***

President and CEO, the Hon. Perrin Beatty.

33% of the top awards went to the Waterloo Region, with the most prestigious award presented to **Research in Motion (RIM)** for **Innovative Business of the Year**, which was presented by the Canadian Manufacturers & Exporters and Economic Development Canada. The third Waterloo area winner was **Dalsa Semiconductor**, for Development of Export Sales, with the award presented by the National Bank of Canada.

#### **A Close Look At Rockwell's Winning Formula – Top Award: Lean Excellence**

*This detail provided is in the spirit of sharing the steps to consider to increase one's competitiveness. For details, don't hesitate to contact Rockwell's Paul Deckert who is HPM's Chair of Opportunities & Alliances – and Rockwell's Standard Products Business Unit Manager*

The HPM Weekly Update has been repeatedly reporting the suspicion that the greatest determiner of who wins - and who loses - in 2004 depends upon a company's ability to sustain the gains they make. In other words, **it's the companies who are able to capture, hold, and build upon their gains and innovations that are increasingly the real winners.**

It should be no surprise. The heart and soul of the Toyota Production System is Standardized Work. And if that's not a good enough reason to begin focusing on standards, then perhaps the logic associated with the question "How can you sustain a continuous improvement culture if there are no sustainable standards upon which to gauge progress?" will be. No matter how you cut it ---- it is all **very much a leadership issue**, which is inseparable from sustainment. From the mid 80's, (for those who would listen) the message of "Continuous Improvement" was touted as the most powerful competitive weapon any organization could acquire. It is the message and strategy that Rockwell has deployed in an exemplary World Class way as they have been able to sustain what others haven't.

#### **The Winning Lean Focus for Canada in 2004**

Rockwell's submission focused on four prime key components

1. **Sustainment**
2. **Leadership**
3. **Employee involvement**
4. **A Clear Vision That's Shared**

To the hundreds who have attended HPM's long-running one-day workshop "**Introduction to World Class Fundamentals.**" this will be fully familiar & understood.

Rockwell's submission focused squarely on the building blocks for achieving **long term sustainability** in their Continuous Improvement/Lean program since the early 90's.

To do this, required strong leadership, and a steadfast commitment to achieving excellence through a comprehensive employee involvement culture – it's the only culture that can instill the ownership necessary for sustainment.

Employee involvement started with sharing the company vision and then aligning it with the key business initiatives. This was then woven into a tapestry of employee involvement and improvement activities for full employee engagement. The submission spoke to equipping managers and employees with the tools needed to solve problems, which enabled the transition to 'leadership by coaching' as folks began to acquire the self confidence and pride to bring sound practices into existence.

The submission traced the route throughout the 90's following the steps taken to enhance and evolve the CI program. The integration of Lean tool sets into an already successful CI program was traced, as was the implementation and integration of more recent 6 sigma variation management and project management training into today's current advanced problem-solving tools.

Paul mapped the unique and integrated Lean program that began at the global Company Vision and extended to the specific tools used on the shop floor. Any company can benefit from some hard-nosed introspection as they compare what they are doing to the approach Rockwell described.

A strength of the submission lay in demonstrating how a solid foundation based on Lean was actually built on the strength of a mature Canadian Continuous Improvement Program that encompassed a CI/Lean Steering Committee, Lean Masters, Lean Assessments, Lean Training and Lean Goals and Objectives structure. Specific Lean tools used include 5S, VSMS, TPM, Cells, Visual Workplace, Poka Yoke, Standard Work, Worker Flexibility and many more.

Lean now extends into all areas – from the shop to the office and includes non-traditional areas such as finance and design engineering. What may have contributed to the submission's credibility was the extension of Lean into the Supply Chain which ripples far beyond the Cambridge location to interdivisional and international suppliers, distributor networks and their networks, plus end customers.

#### **The Results**

Very significant documented cost savings accrued over many Lean projects. Cumulative savings that have been recorded since **1995 are close to \$ 16 million.** Not all savings are submitted, so overall savings exceed this number. **Additional data identifying measured improvements achieved in all facets of the business include:**

- **Increased Customer Success:** 50% improvement in on-time delivery in a tough engineered-to-order environment has been achieved.
- **Cycle Time Reduction:** Manufacturing and office processes cycle times have been cut from weeks to days with many reduced to hours and even minutes
- **Flow:** Improved shop flow has enabled high growth in product areas – so much so, expansion has been accommodated within existing building space eliminating the expense of expansion.
- **Metrics:** Safety metrics have improved from industry average results to world class results. Rockwell now coaches and shares their improvements with other companies on Safety and Ergonomics
- **Employees:** Employee surveys record very high levels of pride in belonging to this organization and in recommending their workplace for relatives and friends.

### **In Summary – Some factors to consider: To what extent does the organization use process excellence?**

- Lean is built into Rockwell's "Way Forward" vision.
- A cross functional, multi-level CI/Lean steering teams guides the program and the application of tools
- Sub teams steer specific elements including 5S, VSM etc.
- Lean Masters drive Lean projects for major savings
- Business Workshops trigger targeted savings
- Lean Assessments track individual Cell progress
- Visual workplace Cell boards communicate achievement and act as a resource for teams

### **What is particularly innovative?**

- The clear vision and commitment to driving 'long term sustainability'
- CI/Lean integrated top to bottom with a clean consistent flow from Corporate vision to Shop Floor implementation
- Seamless incorporation of Lean into a 12-year old Continuous improvement culture
- Implementation of Lean Tools to all has achieved excellence, pride and measurable results
- Evolution to Six Sigma was smooth and logical
- Continuous application of measures and benchmarks from the National Centre for Manufacturing Sciences of a decade ago to the Lean Assessment tool today that provides everyone with clear feedback at the cell and department level
- Employees review their Lean progress and develop annual objectives and training plans
- Business reviews their Lean Assessment against business objectives

### **A Few Typical Results**

- Sheet metal cycle times cut to 1/5<sup>th</sup> previous levels
- MV Cell cycle times cut to 1/5<sup>th</sup> previous levels
- Engineered Product OTD to Customer Promise up 50%

- Standard Products OTD up 40%
- Cumulative measured Cost Savings: \$16,000,000
- Improvements in all facets – from order entry to shipping including all infrastructure support departments

### **Participation in Conferences and Awards Competitions – A Value-Add??**

In a busy day, the thought of preparing a presentation for a conference, entering an awards competition – or simply participating in a plant tour, may seem like a pain in the butt – but there is high gold to be mined with the right perspective.

#### **The right perspective**

Being world class means never having to apologize for the application of measures, benchmarks, or reference points.

The point is, measures will be a part of our lives like never before because from measures come the awareness of where we are, the progress being made, and a clear indication of where we have yet to go.

It's a matter of focus – and boy, do measures help us to focus (the RIGHT measures, of course). The trick is to get everyone focused on the outcome in a positive way so you know you have their hearts and eyes ensuring things are moving in the right direction.

#### **Tack One: Conferences**

When one considers making a team presentation at a conference, they have just put a stake in the ground as to when the outcome must be delivered. There is now pride and peer pressure at work since the last thing team members want to do is to look bad in front of strangers. Good leaders see the opportunity here to get people to think outside the day to day efforts.

CFN Precision did precisely this, and did a superb job of it by focusing on an "October Crisis" which was when they knew they would have to host an AME tour group that included some very World Class people. And they were not ready! However, everyone committed to it as did the President Barry Wood – his outstanding contribution was to draw on outside support from folks who had done it before to accelerate his staff's move into 5S. The result was outstanding - and I believe the real benefit came about when Goodyear toured the plant – and based on what they saw – became a customer. What more can you say? That's value.

#### **Tack Two: Entering a Competition**

Entering a competition such as Rockwell did, has the same effect in that it causes people to focus, to question, to research, and to achieve beyond what normally might have been their performance if it was just another internal project. The huge benefit is this – when you compete, your people will learn things from others, with the potential for huge inspiration if you do, indeed, win. If you win - how you manage it will say much about the company. Those that do it well use the opportunity to put the spot light **on those who achieved it...** and as we know, achievement is the breakfast food of more achievement.

The value is here – but it requires work, an outward look – **and a desire to have fun and learn.**