

Volume 12, Issue 29 □ **July 18, 2005***Important Dates to add to your calendar...*

- **Aug 24, 11:30 HPM Board Meeting**, Host: Tempress First time visit & feedback session. Very 'serious visual factory take-aways' and more. Also: 1) New Member presentation, 2) Leadership leader to major corporations – Jim Clemmer will discuss the issues he sees involved in leading the Lean charge.
- **Dec 1, HPM Share Showcase**, GE HQ Mississauga. Time to pick the top concepts to present. Nicole will be providing initial guidelines.
- **Jun 12-16, 2006 CDN Regional Lean Conference** - The highly successful Edmonton MeasureUP for Success Conference comes to Kitchener, Ontario.
- **Oct 12-26, 2005 China Trade & Technology Mission** will be led by CME and PBB Global Logistics as last year - and that tour was a first class event. For program information and details check out www.pbb.com/mission2005/

The Status Quo

*"There is no status quo.
We either expand and grow
Or contract and wither on the vine.
We forgive or hold onto the past;
We explore the world or ignore it;
We love and share or judge and withhold;
We escape from life or participate.
Evolution or entropy?
The choice is ours."*

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The 2006 Canadian Regional Lean Conference – June 12-16th

Adopts a No-Nonsense Approach
The theme emerging from the industries feeding their data to the organizers of the Edmonton Conference is very much a 'Don't forget the basics' message. And here it is...

Whether competing against China or the world..

Success in Manufacturing Begins at Home

Competition is no longer company vs. company – It's infrastructure vs. infrastructure & that begins where you live

Download the latest draft model of the conference from www.hpmconsortium.ca – **have your say too!**

December 1 – 2005

- A cool thought, isn't it? -
The second HPM Share Showcase will be held. Time to think about what your company will present this year. Nicole will be mailing you the guidelines to get the thinking & the process started.

A Guest Editorial – From an Old Friend

HPM 'old-timers' will remember **Dan McDonnell**, a Charter Member of HPM Consortium as Multilin's Operations Manager, leaving to become the head of GE Global Meters from his new home in New Hampshire. Dan's now the General Manager of the Global Supply Chain for GE's IED(Intelligent Electronic Devices) business. This includes all operational activities from suppliers through to the customers. In reality IED houses all of the electronic businesses within the Network Reliability and Power business in GE Energy. It consists of all the meter businesses, transformer monitoring and protection, substation automation, and breaker and relay testing. This means that Dan is now responsible for GE's Calgary facility which is involved with substation automation.

Dan was president of AME's Canadian Region and chaired the first AME International Conference in Canada in 1998 which you will remember as the "**Manufacturing Simplicity**" Conference. – This year he is in charge of the 2006 Dallas AME Conference which will immediately follow the Boston Lean Conference with Jim Womack this fall. You HPM old timers who remember Dan can give him a shout at 603-749-8145, or dan.mcdonnell@ge.com - he'd be glad to hear from you. **Thanks, Dan.**

Manufacturing and China

"Ignore it at your Peril"

Lean has taught us to first investigate the situation and then - gather data like mad! The rest of the process is spelled out in P-D-C-A. Said one recent visitor to China – "Nothing motivates one to action more than confronting your challenger on his own turf as he prepares to take you on"... Good words to consider as one thinks about joining the Oct. 12-26th trip to China this fall.

Dear HPM'ers

"I still detect a little to a lot of resistance from many Canadian and US mfrs at times to take the China issue on in a serious way. What I mean by that is sometimes there is a dog-fast determination to

simply manufacture and purchase 100% from over here, to lean out fast and far, and an attitude that we will be competitive with anything from China, period. I am not trying to suggest that this approach is wrong, it is often highly admirable, and for many companies where labor is not a significant issue, and the costs of transport and duties are burdensome, it may be clearly the right goal, including for many others as well.

I am not even suggesting that North American manufacturers just throw in the towel and fold down their popcorn stands and cede victory, or move all their manufacturing ad hoc to China. ***What I do feel is that IGNORING China, or deciding to go it completely alone without at least looking into the potential opportunities, is just not a wise option for many North America manufacturers.*** There are downsides to Asian supply, just as there are upsides, and for each company they can be different, but manufacturing excellence should always be about first looking into possibilities before outright rejecting them.

In some ways I think it is like the farmers of the early 1900's trying desperately to hang on to the family farm, lobbying governments, pleading with the press, pulling the heart strings, whatever it took. Same for the textile manufacturers from the 1930's to the 60's, same with the consumer electronic businesses in the seventies, the US banks in the 80's, and the airline industries today. Sometimes the paradigms just change, and are like a moving meteor. Trying to stop the trend is wasted muda, while adapting, integrating in with the trend, **and prospering** is wise.

China is cheap, the quality of their goods is increasing, their market size is expanding, and they are not going to be easily stopped, nor necessarily should they be. They are also not going to run away with everything either. There are natural economic practicalities that apply to them as much as to anyone else. They cannot grow miles ahead of their own infrastructure and supply, but they will continue to grow and be a competitive force.

My view is that companies should at least take a look at potential savings from sourcing certain components and assemblies from Asia where lower cost manufacturing might help their profitability. Focusing on World Class Manufacturing and Lean practices is still the smart thing to do, and North American manufacturing can and still will

"It is not the mountain in your path that slows you down... It's the pebble in your shoe."

[Thanks George]

continue to be a dominant force in the world. There are just too many advantages that we have, but it is never smart to just plain ignore opportunity and possibility. For some (not all) companies, focusing more on lean final assembly, configuration, and test, and picking the right products, assemblies, or components, and leaning the heck out of them here, might be a better solution.

We should not be afraid of China. We can compete, and we can continue to build highly successful, strong growth, mfg enterprises. China is becoming an enormous market. While it will always have multiple countries worth of poor, it is growing a burgeoning middle class the size of the US. They have an appetite to buy stuff. I encourage folks to look at them as a low cost source of supply in areas where it might make sense for you, but more importantly to look at finding a way directly or indirectly to sell your products and services into that market. It is most likely going to be one of the highest growing markets in the world, for many years to come. They can be a source for some of your parts, but they can also be a market for many of your finished products.

China can help North American companies be more successful and prosperous. They can provide new growth channels for your top line, and for some, they can provide lower cost parts to expand the bottom line. With top line growth, it does not have to mean losing jobs either, if done right. Many of us in the HPM in the early days knew that productivity gains through World Class Manufacturing techniques could shrink employment levels in our companies. We also knew though, that if, by becoming more competitive, we could grow volume and share, the people, equipment, and space we freed up could go to serving this growth.

Totally dogmatic resistance to inevitable change is not only futile, it is dangerous. Flexibility, an open mind, adaptability, and a determination to win, is always the right formula in any era."

All the best everyone – I look forward to seeing you all at the biggest AME Conference ever in Dallas October 16-20, 06.

Dan McDonnell
General Manager

GE IED Global Supply Chain

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