

**Volume 12, Issue 32    August 08, 2005**

Important Dates to add to your calendar...

- Aug. 10, HPM GMT Meeting**, Host: Bill Malus. Preparation for Board Meeting August 24<sup>th</sup>.
- Aug 19, Deadline for Sept. 11-15 Innovation Insights Tour of Boeing Etc.** (See last week's Update) Visit <http://www.tvp-ii.org> This is an Innovation Insights program: Call 905-568-8300.
- Aug 24, 11:30 HPM Board Meeting**, Location: Port Credit Yacht Club – Tour Host: Tempress Ltd. - first time visit & feedback session. Very 'serious visual factory take-aways' and more. Also: 1) New Member presentation 2) 6-person CHINA Impact Panel – [Note: Jim Clemmer can't be there]
- Sep 7, 7:30-4 pm, AME Leadership Forum & Tour of Toyota Lexus Facility.** Day begins at the Cambridge Holiday Inn. Continental Bkfst at 8am – This is an AME event – To register click the following link [Register Here](#) or call Barb at 905-681-6039. Cost \$200 HPM/AME
- Sep 29<sup>th</sup> 8-4:30, "Intro to World Class Fundamentals"** – "Big Pix" for those transforming their organization, or new employees who've not taken this long-running session. \$295 Cons. Mbrs, \$395 N-M. Loc: Cambridge Hilton Gardens. Register on line later this week or call Nicole 519-893-6260
- Oct 4/5 & 25/26:** A 4-day "Achieving Results Thru People" course entitled "Effective Lean Management Skills" for leaders at all levels in Lean environments promoted on technical excellence who are looking for practical managerial tools & thinking. Over 120 mfrg leaders have taken this course developed for the Alberta & Sask. Consortiums.
- Oct 11 or 12, Quick & Easy Kaizen** – 1-Day Workshop with Norm Bodek. Highly rated "SME Excellence Workshop" at Edmonton – author of the 2005 Shingo Award Winning book *Kaikaku*, plus "the Idea Generator", and "All you gotta do is ask." Choose class 1 or 2 – Both held at the Cambridge Hilton Gardens. [dhogg@hpsinc.ca](mailto:dhogg@hpsinc.ca)

- Dec 1, HPM Share Showcase**, GE HQ Mississauga. Time to pick top concepts to present.

- Jun 12-16, 2006 CDN Regional Lean Conference** - The highly successful Edmonton MeasureUP for Success Conference comes to KW in Ontario.

**Noticed [www.hpmconsortium.com](http://www.hpmconsortium.com)?**

Check out 'Resources' on the site and – click "download info" on the site to see new postings:

1. Volkswagen's spectacular new plant
2. Full Boston AME Lean Conf. program
3. 2006 Concept ppt of what the **CDN Lean Regional Conference** will look like.

**AME Leadership Forum & Toyota Tour****Wednesday September 7<sup>th</sup> – 8 am Camb. Holiday Inn**

This combination "Leadership Tour" and 'Leadership Forum' begins with a tour of the Lexus facility in Cambridge. From there you will proceed to the Cambridge Holiday Inn for lunch and for exposure to the thinking and approaches from 2 leading manufacturers, plus a summary of today's Lean Leadership approaches. A top value day.

The forum consists of a case study of CFN's approach to leadership that placed their company 5<sup>th</sup> out of 40 at the AME Lean conference in Toronto. AND - where it matters most – how their thinking led to 102 of their parts being built into the new Airbus 380. CFN's president **Barry Wood** will share his company's approach. **Bob Garces**, CTS Engineering Manager will share their approaches which has enabled them to be suppliers to Toyota in KY and why they were the **top tour site** of 40 at Toronto.

**Starts: 7:30 Bkfst ~ Lunch included ~ Concludes 4pm.**

This is an AME event – To register click the following link: [Register Here](#). Call Barb at 905-681-6039.

**For New Employees+...  
'The Big Picture is back'**

"Introduction to World Class Fundamentals" – the one-day open conversation on just what becoming World Class really means returns September 29<sup>th</sup>. This down-to-earth 'Big Picture' workshop has been delivered in all Canadian provinces with the exception of New Brunswick and PEI. It began 22 years ago with the advent of the provincial Centre for Advanced Manufacturing and has been continuously adjusted since then to accommodate the changes we have all seen. Well over 20,000 people have attended it over the years.

**Its Purpose**

Initially it was presented to demystify the coming changes and it still serves that purpose today. It was also designed to help people make sense of the thinking and the changes occurring in global manufacturing. By providing the "Big Picture," it enables adults to gain comfort with the new paradigms coming at them and their colleagues.

**How Has it Been Used?**

1. It has been delivered to entire workforces of firms getting prepared for the changes to come caused by Lean Thinking – and in fact, changes of any kind.
2. It has been used by Consortium Member companies to expose new employees to what 'becoming World Class' is all about. By hearing the message from outside folks, employees see that the changes occurring are far beyond their own company.
3. As a refresher, with some customization.

**Beginning this fall on September 29<sup>th</sup> at the Hilton Gardens Inn in Cambridge, the '06 revised version will be delivered. Call Nicole to register 519-893-6260.**

Register on-line beginning mid week at

[www.hpmconsortium.com](http://www.hpmconsortium.com)

This week's focus is on "Supply Chain Walks" with few better to guide us than our good friend Dan Jones who heads the Lean Academy in the UK

Dear Dave,

One of the most interesting things I do is to take a walk through a complete supply chain. I did this twice last week. The first was from a vegetable grower through a consolidation warehouse to a Distribution Centre and then to a Tesco store. The second was a virtual walk through the supply chains of a large aerospace manufacturer. While the products are about as different as you can get, it is surprising how similar the issues and the learning points are.

The Tesco walk was impressive. You can see that they have learnt many of the most important lean supply chain lessons. The grower is using sophisticated software to measure and control the sowing, planting out and harvesting of their crops in line with trend profiles of demand. They begin picking the crop each day based on plans agreed once a week with Tesco. Top up orders to adjust the exact quantities required each day are fed directly to the picking unit in the field in real time. Products are picked, packed and dispatched from the field through two cross docking operations (one to aggregate loads and one to disaggregate loads) to the store, where they are on sale the next day.

The first very important lesson Tesco learnt is that it is up to them to identify and remove the noise in the orders sent to suppliers. This is one of the most significant causes of excess capacity, inventories and waste in every supply chain. It took them a while to acknowledge this fact and to recognise that this is the biggest win-win gain they can offer their suppliers, who in turn can then begin to synchronise their production with real demand and not the Chinese whispers that come out of most forecasting systems. Key to making this work is to separate and manage base load demand differently from top up variable demand.

Once you see this then you also see the huge opportunities that arise from also taking responsibility for managing inbound logistics from suppliers, rather than waiting for suppliers to deliver full trucks to you when they have enough to ship. Tesco has led the industry in taking this step. They are reaping the gains from much better consolidation and timing of loads throughout the supply chain, from much higher

load utilisation through improved backhauling to and from suppliers and stores and from higher availability in store through more frequent deliveries of exact quantities.

The aerospace supply chain is still focused on taking waste out of production in their own plants and on helping their suppliers to do the same. This is all well and good. However they are not yet convinced of the need to take the next big step by taking responsibility for redesigning their whole supply chain. This is the way to reap the next set of gains from leaning the supply chain. The best way to realise the scale of these opportunities is by taking a walk, rather than listening to a software supplier wanting to better optimise the existing far from efficient supply chain.

Taking responsibility means deciding on the right place to trigger the supply chain, in this case final assembly of the product. It means analysing and removing all the causes of noise in the signal sent to suppliers. This should be easy to do in a product assembled two to four years after the order is placed, but is in practice hugely variable for individual components. It also means managing all the logistics flows through the supply chain to speed up the frequency of delivery.

It may also mean choosing suppliers located closer to the point of assembly for next generation products. It will certainly mean building a very different relationship with key suppliers to conduct joint value stream analysis around target cost rather than cost plus objectives.

The way to do this is to work with clubs of suppliers who share similar supply chain challenges, who can cross learn from each other and share the improvement experts between them. This is exactly what Toyota did with their suppliers over thirty years ago. Have you taken a value stream walk yet? I wish you a good summer.  
Yours sincerely

Daniel T Jones  
Chairman, Lean Enterprise Academy

P.S. Redesigning your supply chains – indeed your whole business model back from the customer is one of the topics we describe in our new book **Lean Solutions: How Companies and Customers Can Create Value and Wealth Together** ([www.leanuk.org](http://www.leanuk.org)).