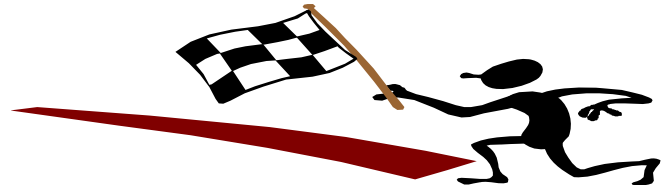


Volume 12, Issue 40 □ **October 03, 2005***Important Dates to add to your calendar...*

- **Oct 4/5 (& 25/26), 8-4:30** A 4-day "**Achieving Results Thru People**" course entitled "**Effective Lean Management Skills**" for Lean leaders in Lean environments promoted on technical excellence looking for practical managerial tools. Over 120 mfg. leaders have taken this. www.hpmconsortium.com
- **Oct 12, 8-5 pm Open: Quick & Easy Kaizen – Special Sold Out**
- **Oct 19, 9-4 pm: Inter-Consortium Conference Call & GMT Meeting.** GMT will meet at the HPM Office. One BC Consortium and one Alberta Consortium are planning to join it to date – Plus, we are trying to reach the Orlando Consortium folks this week. Last call involved Newfoundland, Manitoba, Alberta and our friends at the Portland Oregon Consortium.
- **Oct 25, 9-11 am. HPM Employee Leveraging Tour #2 Member: Samuel Strapping, Host: Daniel Stancescu** 12 Seats only – Register with Nicole. [See details on Page 3]
- **Oct 25/26: Concluding 2 days - "Achieving Results Thru People" "Effective Lean Management Skills"** for Lean leaders in Lean environments looking for practical tools. www.hpmconsortium.com
- **Oct 31-Nov. 4: AME International Lean Conference** in Boston. For program details check: www.ame.org
- **Nov 16, 8 am-12:30 pm: HPM Health & Safety Officers Exchange.** Host: Rockwell Automation – Raglin Facility. Bill Malus will host this freewheeling, open exchange of issues, standards and best practices. Limited to HPM Member Companies.
- **Dec 1, HPM Share Showcase, GE HQ Mississauga.** *Time to pick top concepts to present. If any HPM'ers did not get the e-mailed Guidelines & Registration forms – contact Nicole. Deadline for Presentations: Oct. 31, 05. Participant names by Nov. 15th.*
- **June 12-15th, 2006 Second Canadian Regional Conference... Kitchener-Waterloo Region Canada.** Consider accelerating your Lean Journey. Download from www.hpmconsortium.com – Click "Resources" on the home site, and then "2006 CDN Conference"

Employee-to-Employee TOUR # 2WO Samuel Strapping

2370 Dixie Road, Mississauga, ON
SITE HOST: Daniel Stancescu - 905-279-9580
TOUR DATE: Tuesday October 25th, 2005, 9–11:00pm
REGISTRATION: Send names, title, phone number and email address of participants to: info@hpmconsortium.com
Limited to 12 participants - first come basis.
The tour will focus on the CNC Machine Centre.
Kanban areas for work-in-progress materials
Materials loading & unloading (e.g. coils)
Tooling change-over (e.g. slitting)
Process flow (e.g. optimization)



2006 CDN Regional Conference

*"Whether you compete against China or the World...
Success in Mfg begins at home!"*

"The success of Canadian businesses abroad will depend on how competitive their business environment is at home."

Jayson Myers, Chief Economist, CME
First HPM Knowledge Supply Chain Link

"World class thinking begins with how we look at the world around us every day. The solutions are at our fingertips, but invisible without a new perspective"

Charlie Cipolla, President & CEO
Rockwell Automation

A Deal That's Hard to Resist Tough peer audit provides objective data

The 3-year old **Alliance for Enterprise Excellence**, or AfEE for short, is an 8-member SW Ontario Consortium of companies who are in tough markets that demand rapid change. A successful Special Interest Group (SIG) - that has been getting better with every initiative - is the AfEE "5-S" SIG, **and auditing is their thing.**

They meet regularly at different companies - to provide positive but 'no holds barred' feedback to the host. It's a tough but honest win-win exchange, and as Scott Smith, the SIG's facilitator puts it, "They get better every time out - last week's audit at Saint-Gobain in Paris was outstanding"

How it works: A target site is identified by the team. The audit is carried out over **a 3-hour period using the Host site's own audit sheets, or those of the Audit Team!** Upon completion, the Team sits down with the Host site leaders and spells out their findings. Since it is a no-blame learning environment there is lots of valuable give-and-take for the benefit of all.

The Deal: If you are ready to consider change, the Audit Team is looking for new companies to audit who really want to get better. If you are interested, or if you have further questions, contact Scott Smith or Dave at 519-893-6260 or ssmith@hpsinc.ca

Help... Help – Last Call...

Help 1: A Consortium Member

would like to know...If you are currently implementing a new business system – or have just completed installing one. They would like to talk with you about your before, during, & after experiences. They mfr complex/diverse products with high %age Engineered-to-Order. Leave a confidential voice mail at 519-741-9732 or email dhogg@hpsinc.ca

Help 2: A Consortium Member

would like any information you might have on a "Customer Code of Rights" - especially examples of what you have seen or may have used. Everyone responding to this request will get a compilation of all submissions from Dave. Pls. email Dave at dhogg@hpsinc.ca

The following is our continuing flow of thought and insight from LEI – The Lean Enterprise Institute. Many will remember Dan Jones as our Keynote at the Toronto Lean Conference and of course Jim Womack for his tireless efforts here in North America. The natural next step, that builds upon Lean thinking with powerful results, is **'Lean Consumption,'** which has the potential impact of "Lean Thinking" when Dan and Jim first issued that book back in 1996. Their next book, is now out but only available through their website until distribution in North America catches up – is "Lean Solutions."

Dan Jones – A hard-hitting message for difficult times

Dear David,

When the CEO of the mighty Wal-Mart asks the UK government for protection from competition from Tesco, one fifth its size, it is clear something significant is going on. The rise of Tesco is not because it is better at dominating its home market than Wal-Mart is in the markets it serves in the US. Both benefit from enormous scale and purchasing power.

The difference is that Tesco has developed a superior lean business model that is exposing the cracks in the Wal-Mart business model. Through its loyalty cards it knows exactly who its customers are and what they want – Wal-Mart does not - they have opened a range of formats to mirror customer circumstances – which Wal-Mart is just thinking about

"Effective Lean Management Skills ~ for Lean Environments ~ Achieving Results Through People. Begins Oct 4&5 + Oct 26&27.

This practical Lean course is 4 days [2+2] spread over a month to give time for the content to be tried on site. It is **NOT** a "Mini-MBA." It **IS** a nuts-and-bolts practical workshop for Lean managers between the Front Line and Senior Executive Mgmt. Presidents have attended – all look to pick up practical perspectives to better "Achieve Results through People" – in a Lean environment.

The course has been delivered to over 120 mfrs in Alberta & Saskatchewan, and this fall - in Newfoundland, Nova Scotia, Ontario and again in Alberta and Sask..

Join With: City of Kitchener, GE Canada, Hammond Power Solutions, Maple Lodge Farms, Nefab, Orenda Aerospace, Tempress, Westeel. Seats still available To Register click 'Events': www.hpmconsortium.com

– and they have developed a rapid, reflexive replenishment supply chain to serve all these formats, including home shopping.

I described a walk through their supply chain in my last letter. Quite simply Tesco is getting more of its customers exactly what they want, and where and when they want it at lower costs. The good news is that none of this is a secret; competitors can follow their example. It is not an exaggeration to call Tesco the Toyota of the grocery business. They are by no means perfect and, like Toyota, they have not lost the drive to keep improving all of their processes.

Another crack in a very successful business model was also exposed last week. BMW, the proud technology-driven premium carmaker, decided it could not develop hybrid engines alone (even though Honda is doing so). For years Daimler Benz and BMW dismissed hybrids as the future, claiming that diesels and hydrogen were the way forward and that they had all the answers. In the face of the huge expansion of third-generation hybrid car production by Toyota, BMW has joined forces with rival Daimler and General Motors to develop hybrids in a bid to catch up. Toyota's path to develop a new premium position is more in tune with consumer values than product proliferation and stuffing cars full of technology most of us never want to use.

In every industry the business models of the mass production and mass consumption era are broken or creaking. The "hub and spoke" airlines dependant on feeding traffic through big hub airports are struggling to compete with "point-to-point" airlines. Banks and telecoms firms are losing customers as they outsource customer support. Retailers and manufacturers are beginning to question the "low cost" sourcing of cheap products in

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China, as responsiveness becomes more critical to compete in clothing and footwear. And maturing computer technology is even undermining the ability of Dell's "build to order" model to compete with picking up an equivalent product in the local computer store the same day.

The list could go on – add in our own experiences of waiting in queues for diagnosis and treatment in large general hospitals and in car dealers waiting to get your car fixed. Changing times mean it is time to rethink these broken business models. In each case there are examples of firms that have begun to rethink their business models. They are beginning to demonstrate the huge potential of lean not only as an approach for streamlining processes, but as a strategy for turning the tables on your competitors and providing a better deal for consumers and their employees at the same time.

In rethinking the business models, most organisations naturally start by asking what products they should make in the future, what assets they will need to make them and where they should be located. Lean thinkers on the other hand begin by asking who the customers are, what problems they are trying to solve using these products and services and how best to organize to serve them.

It is not the computer, but the combination of the hardware, the software and the knowledge of how to use them that allow us to process documents and send them to others. And obtaining, installing, upgrading and replacing all these is a process involving the consumer's time and patience, just like production.

Following this consumption process reveals that many of the interfaces with the provider's process which mirrors it are broken and frustrating. Moreover they have often been outsourced so direct contact with the consumer is lost and there is no feedback loop to help redesign the product or the processes of obtaining and using it.

In our Lean Solutions book we show how mapping these processes back from the consumer through several layers of distributors to production and all the way back to raw materials reveals really staggering opportunities for removing layers of cost for all parties, including the

consumer. It really can be a win-win-win for all concerned. Better customer service as well as greater convenience turn out to be as free as quality in a lean system.

The ability to think back from the consumer and to design provision systems that can solve their problems by getting them exactly what they want, where and when they want it at minimum cost will be critical to success in the future. The key question will not be who makes the products but who coordinates the provision of all the elements on an ongoing basis to the consumer.

In the end survival in this challenging environment will depend on the ability and speed with which firms can rethink the business models for their value streams and write off and replace old assets that stand in the way of progress. Firms that are too slow to change will almost certainly be replaced by lean entrepreneurs who figure out how to make lean, consumer-focused business models work. Will you join them or be swept aside?

Yours sincerely - Daniel T Jones, Chairman
Lean Enterprise Academy ~ dan@leanuk.org

What is Happening...

Planning Highlights: '06 Conference Builder's Team – June 12-15th CDN Regional Conference

- **NEW: Dan Joseph** – the top panelist on last year's "Great China Debate" held in Cincinnati and chaired by Larry King. Dan has lived in China for some 15 years, is fluently bilingual, and his everyday job is to help companies invest and thrive in the pitfall-filled Chinese infrastructure. **He will help set the stage for the KW conference by providing, from his foxhole at ground zero in China, a clear, unvarnished picture of the real challenges we face.** The focus of this conference is "Whether you are competing against China or the world... Success in Mfg. begins at home." He will present the sobering realities which will set the stage for the rest of the conference.
- **NEW KEYNOTE: Tony Lاراia**, President Wiremold Corp. in Connecticut. Tony is the author of the book "Kaizen Blitz" and has competed hundreds of them. He is also president of AME.
- **NEW KEYNOTE: Norm Bodek**, founder of Productivity Press and the man who translated and published hundreds of books from the Japanese Masters in the 80's + . He has three best sellers right now "Quick & Easy Kaizen", "Kaikakau", and "All you gotta do is ask."