

Volume 12, Issue 41 □ **October 10, 2005***Important Dates to add to your calendar...*

- **Oct 12th 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.
- **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"

NOTICE: TO HPM HEALTH & SAFETY LEADERS

Call Nicole [519-893-6260] to be added to the mailing list for the coming HPM "H&S" Roundtable at Rockwell, Nov. 16th. We want to know who you are to get your ideas – in order to make this frank exchange of value. Pls call Nicole... or she'll call.

Employee-to-Employee TOUR # 2WO
Samuel Strapping

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)

HPM MEMBERS – YOUR RESOURCES

As an HPM Member – you have access to the 'Member side' of the website www.hpmconsortium.com All you need do is phone Nicole for your password & login. **Once in – Click on the "Practitioner Exchange" link and select anyone from the Roster. This means, if you have a question about any area of interest listed, you can call an HPM team member for a conversation over the phone – or a meeting - they are there for you. Do It!!**

2006 CDN Regional Conference

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

Competing with China – this is not a phrase that will fade soon. Our good friend Dan Jones presents his perspective from his UK and international vantage point. [The bolding & emphasis is that of your Update editor]

Dear Dave,

*There are two sea changes going on in the world economy. The first is the rise of the "low cost" producers in China and the second is the lean revolution which is now gaining momentum. Although the lean revolution began long before the recent rise of China, they go hand in hand. **Lean is as essential to Chinese firms seeking to become global as it is to western firms responding to their challenge.** All of us will be better off as a result.*

No country has ever built a sustainable competitive advantage based on low wages. Inevitably wages and other costs begin to rise, as they are now doing in China. This is a good thing and the whole point of development. But it means Chinese firms wanting to export more sophisticated products to the west will have to learn that quality comes from good design and capable lean processes from which all unnecessary touch labour has been removed. The good news for them is that lean processes do not necessarily require high tech equipment or expensive IT systems.

There is also no doubt that successful Chinese firms will also establish manufacturing operations in other regions. Indeed they have begun buying companies in Europe and America. **This will pose a major challenge to Chinese managers, just as it did to Japanese and Korean firms moving abroad for the first time.** It takes time to build a significant cadre of managers with experience of managing operations abroad and to integrate foreign managers into the senior ranks of the company back home. Toyota's unique advantage was its ability to spread lean through its global operations. Korean, and now Chinese firms have to learn lean as well as how to run their global operations.

The initial reaction of western firms and policy makers to the Chinese threat is to increase spending on technology and innovation. **Nothing wrong with that - but it can't be the whole answer. Just consider the huge number of engineers being educated in China and now being employed to reverse engineer all the machines they are buying from the west.** Also remember what has happened to firms that have pursued a pure technology strategy – like the premium car makers in Germany. They made formidable products that were too complex and unreliable for their customers. **Technology alone is not enough.**

This points to the one competitive advantage western manufacturers do have – **they are closer to their relatively affluent customers** – that is you and me! They ought to better understand their needs and ought to be better at developing just the right new products and services to solve their problems – managing their health, coping with congestion, seamlessly communicating etc. They also ought to be able to get these products and related services into the hands of these customers far more quickly than producers located half way round the globe.

This is our comparative advantage – yet we don't recognize it - and we are not really exploiting it very well! Manufacturers are far too removed or even insulated from their customers. They seldom interact with the end users of their products and their distributors, whose main role is getting the best price for products already made to forecast, have in many cases lost contact with customers as they outsourced customer service.

Focus groups and market research are no substitute for knowing exactly who their most important end customers are and building intelligent feedback loops from them on how to help them use

their products to solve their problems. This means feeding back to a highly responsive product development process that can get the next generation product to market in months rather than years. **Toyota recently announced a target of 12 months from design freeze to launch for every new car.** How long does it take you to develop new products and how many of your new products really succeed?

When it comes to responding to their needs more rapidly we also fail. **My rule of thumb is that if it takes less than an hour of value creating time to make the product it should take no more than a day to go through the factory.** Likewise if it needs an hour's work by engineers and procurement to draw up a quote this should take no more than a day. Every step in each organization through which the value stream flows should likewise take a day and not much more than a few days to flow between organisations. And it should not take more than a few days to reach end customers within the region of sale, across Europe. **The responsiveness of the end-to-end value stream ought to be measured in days and not months.**

Most manufacturers are still struggling with a throughput time of weeks and a distribution pipeline of many months. They have also saddled themselves with a supply chain that stretches right across the world, with the same delays as their Chinese competitors. This is not going to be sustainable in the future and all that wasted time and effort costs far too much and undermines the competitive advantage from being more responsive to local customers. The benchmark is an equivalent product made in China, shipped through several distribution points and flown to the UK in an Airbus A380.

Why can't you beat that?

Meeting this challenge – **getting closer to customers and responding to their needs very rapidly – goes beyond continuous improvement.** It entails fundamentally rethinking your business strategy, designing responsive and capable processes and restructuring the organization and the supply chains to support them. **Those with more responsive lean processes will win this global competition.**

Yours sincerely
Daniel T Jones, Chairman, Lean Enterprise Academy

HPM's Investment beginning to take shape...

The Canadian Regional Lean Conference June 12-15 is Canada's largest

Aggressive Members have talked about identifying a project for completion well before the Conference.

This project would then be submitted to the Conference Program Team for possible selection as one of the 36 presenters/Teams to appear on the program. **It is an opportunity to push the boundaries within your operation.**

Every one of the 36 Best Lean Practices (in 4 different concurrent Value Streams of 9 Presenter/Teams) will be from companies like yours. And their presentations will be delivered by practitioners – usually in teams – who will share their achievements. Here are some of the companies you will be rubbing shoulders with:

Rockwell Automation and **Eaton Electrical** have been invited to present by the conference since both companies won the **National Process (Lean) Excellence Award** from the National Research Council of Canada over the past two years – Rockwell is the current winner. Other companies are **Shingo Prize** and **America's Best Plant's** winners who will be coming from across the US & Canada (Plus one from Australia that we know of)

All presentations must be recommended & endorsed by organizations such as yours – anyone who recognizes excellence when they see, is asked to let the Conference know!! These, and all recommendations, can be entered into the www.measureupforsuccess.com website by the end of this month. This starts the selection process.

One of our US colleagues who will be presenting is Aerco International of New Jersey. They are one of the **top 25 manufacturers in North America according to Industry Week's America's Best Plants competition**. Aerco was written up in the **recent HPM Weekly Update regarding their World Class approach to tours** that both impart pride to the workforce – and harvest highly valuable input from every visitor for the benefit of the company.

Here are some realities and updates about this conference:

- 1) **This conference will be a sell out at 650** because of the limited conference space in the KW Area. To ensure those who really want to be there get a chance – **the Early Bird Price for every HPM employee in any HPM company is reduced to \$995.00 up to December 31st**. After Jan. 1st, the full price of \$1495 will apply
- 2) **Keynotes are selected on the basis of two criteria only – they must 1) Inform us and, they must 2) Inspire us.** They are selected to enhance the content, and, to help motivate every one of us to **put to work what we will have learned by attending the conference**
- 3) **Some of the Keynoters include: 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 conference by providing, from his foxhole at ground zero in China, a clear and 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 set the stage for the rest of the conference.

Another Keynoter is a man who has influenced North America beyond question. **Norm Bodek is the founder of Productivity Press,** a step he took on behalf of North American Competitiveness when he became aware of the Toyota Production System in its early stages. He personally met and engaged the most famous of the famous Japanese Senseis. His mission was achieved by translating hundreds of Japanese books into English. Most of the early Lean books you have encountered are from his initiative. His **"Quick and Easy Kaizen"** and **"All you gotta do is ask"** are top sellers with **"Kaikaku"** awarded the Shingo Prize for excellence.

Tony Laraia, the Vice President of the Wiremold Corporation in Connecticut. He's the current President of the Association for Manufacturing Excellence, and author of the book **Kaizen Blitz**

Dan Shunk, Professor Arizona State University – is a tough & Global leader on Supply Chain Strategies

Jayson Myers, Chief Economist, CME – will set the stage with the economic realities that face us

Gordon Greaves, President & CEO of the Pritchard Group and past President of the Winnipeg Consortium will detail what companies typically do when the CDN Dollar goes up. He has the facts from his company's journey to competitiveness from under 62c to well over 85c

Invited: Ray Tanguay, President of Toyota- John Stewart, President of Citibank NY- John Shook, Sr. Advisor to LEI, co author of "Learning to See", and Co Director of the Japan Management Team at U of Mich.

Where to go for more information? www.hpmconsortium.com – Home Page

Click on 'Resources' and then click on the 2006 Conference link to find:

- > Guidelines for Submitting a Presentation
- > Guidelines for selection as an Accelerated Learning Experience site
- > Concept Draft of the 2006 Canadian Regional Lean Conference
- > An example of what the 2005 program looked like

Keep an eye out for upcoming information.... Registration will begin at the end of this month!