

Volume 12, Issue 46 □ **November 14, 2005***Important Dates to add to your calendar...*

- **Nov 16, 8 am-12:30 pm: HPM Health & Safety Officers Exchange.** Host: Rockwell Automation – Raglin Facility. Bill Malus will host this freewheeling, exchange of issues for HPM Companies.
- **Nov 22, 9-11 am. HPM Employee Leveraging Tour # 3.** Member: Orenda Aerospace. Host: Brenda
- **Nov 23, 11:30-5 pm. AME Board Meeting** – Host: Rockwell Automation. Confirm with Nicole
- **Dec 1, HPM Share Showcase, GE HQ Mississauga.** If any HPM'ers did not get the Guidelines & Registration forms – contact Nicole. She needs the basic forms & names by Nov. 15th.
- **Dec 13, 9-11 am. HPM Employee Leveraging Tour # 4.** Member: Gerrie Electric. Host: Jenny Worthington. 12 seats only available – first come. Register with Nicole at info@hpmconsortium.com
- **June 12-15th, 2006 Second Canadian Regional Conference... Kitchener-Waterloo Region Canada.** Consider accelerating your Lean Journey. Download from www.hpmconsortium.com – Click "Resources"

Share Showcase Dec. 1st

GE HQ – Mississauga - Are you ready, HPM'ers?
URGENT: We Need Participants Names this week.

This exciting initiative began last year with each HPM company selecting something they wanted to share. Last year we saw unique examples such as the elimination of all paper in Accounts Payable, 5S Metrics system, a unique distribution system from Canada Post and more...

For All HPM Health & Safety Leaders

A Forum/Exchange of Safety Issues in HPM Members

"Acquiring the right culture for safety" – A Special Presentation
By Bill Malus will likely open a great exchange among members

Health & Safety is gaining its proper place as a building block for companies on the journey to World Class. And leveraging each other's strengths & experiences enables each of us to accelerate the development of the right culture – the one that can make a lasting difference.

This half day will identify common concerns that will provide the opportunity to learn from what other folks are doing. It's also an opportunity to add a new link in your personal **"knowledge supply chain"** around this very World Class topic – Safety!

To register – email Nicole at nsyvier@hpsinc.ca or call 519-893-6260.

Values First, then Behaviour

Gary Kerr & his band of 10 Australians bound for the Boston Conference, stopped in to visit area companies. Some participated in the "Consortium SIG" at the Conference which was a great exchange. From it has come a wonderful invitation to all HPM'ers to visit a sister Consortium in Jacksonville FL 'when the snow gets deep', according to our good friend Jerry Busset of Medtronic Xomed. This invitation will be discussed at the HPM Board Meeting November 23rd at Rockwell Automation. Since sustainability is much on our minds, it might be time to take a look at how one firm tackled the "Culture" octopus with some good results. Frank Dolinsek worked with Gary some time ago and they have produced some similar fine documentation.

By Gary Kerr – Editor of Llean Newsletter in Australia

So how can we predict human behaviour? Is it as Maslow asserts, based upon the hierarchy of human needs? There has been a raft of psychologists over the last 150 years who have tried to explain something which continues to defy some of the world's best managers

Why do people behave the way they do? How can we align the beliefs, vision and coordinated action of all our people as we move towards our common goal? Having studied human behaviour formally during my Master's Degree and informally at the school of daily front-line management I am convinced that the psychologists have missed something. It seems to me that they succeed in explaining people's *motivation* for action but not the decision to choose a particular action itself. Being hungry and alone, I might be motivated to steal to survive – or I might be moved to find paying work required to survive.

The final common pathway to action that all motivation must pass is a person's values. It is our values that define how we behave.

I suspect that is why organisations print their values and put them on posters in the foyer for visitors to see.

"We at Acme Steel believe in the Values of: Honesty, Integrity, Team work, Fairness, Blah, Blah, Blah. We print these out and hand them to our staff and say **"here you go, love these"**.

Is it any wonder that the only lasting effect this has on our people is cynicism? Highly functional communities of people, like functional families embrace a shared set of values which help define their beliefs, attitudes and behaviours. These values are not handed down from "Corporate" but are truly "community values" which are

discussed, occasionally modified and are always lived-by. In order to get an aligned set of behaviours we need to get an aligned set of values that we can all commit to.

The Project Kick-Off

In my last role as Operations Manager of ADI Munitions I set out to have all our 320 people articulate their values so that we could print them and live by them. We initially held workshop sessions across the facility to explore how our people felt about things; we asked **"what pisses you off?"**, **"how should we behave towards each other?"**, **"what is working well"** and **"what is not working well?"**. These issues were work-shopped and agreed responses were recorded on chart-paper

Be Careful What You Wish For

After a few weeks I received a huge wad of rolled-up chart paper that I took home and started to work through. There was such an eclectic mix of ideas, beliefs, behavioural statements and values that sorting it all out was almost impossible. I asked an assistant from the HR Department (Lexi) to help dig out similar themes and group them together for me to work on. She gave me back 15 typed pages and I began to think **"be careful what you wish for"**. I had started this thing and now all our people had an expectation that there would be some conclusion.

The Model

While I was trying to identify and extract the underlying values from all the summary pages I realized that I was at risk of losing many of the really powerful behavioural statements that our people had made such as:

"I will not use words or actions that deliberately offend, insult, embarrass or hurt others"

While at High School, my daughter held a voluntary position as a youth representative on the local government council. Renee showed me a model for displaying both Values and Behaviours in one document that our local council was using. It gave me the breakthrough I was looking for. I extracted all the underlying values from the workshop summary pages and connected them with the most powerful behavioural statements. Each page carried the Value, a sentence describing what the value means to us, and a list of the behaviours we have said we will exhibit.

Shared Values Document

I wanted this Values statement to be different. I wanted it to be everyone's and wanted them to know it was theirs so I sent it back out to everyone and asked "is this what you meant?" Thus began another 6 months of iterations, back and forth. I would incorporate all the feedback and send it out to the people again. They would send it back to me with changes (improvements) and I would incorporate these and send it back. Initially I was very concerned at the time this was taking until one day I realized that as we made progress, more and more of our people were getting involved and passionate about our developing document. It seemed that the longer we worked on it the greater the level of ownership that was developing. Our people were the architects, not the passive recipients of our site Values Booklet.

Naming the Baby

Many of the people who worked in our plant did not think explicitly in terms of Values, they thought more in terms of Conduct and Behaviours. So when it came time to name the document, the consensus was **"Code of Conduct"**. The implication of this name is that this document defines how we will behave rather than describing something less tangible like our values.

The Red Book

When we were finally ready to go to print nearly a year after the initial kick-off workshops we again sought consensus from everyone on the colour of the document. The overwhelming agreement was Red. A bit too bold and in-your-face for a values document to my way of thinking. However this wasn't mine, it was everybody's.

The printer came back and said we could have one of three different Red's so we displayed the colour samples in the canteen and again asked for feedback.

We had 500 samples printed in our initial run of what quickly became known as **"The Red Book"**. These were distributed to everyone and were soon seen poking out of the top pockets of our people's work shirts, sitting on top of computers and being used at team meetings to moderate interpersonal exchanges. We all agreed that this document would define how we would behave, how we would think about the Customer, about Continuous Improvement and each other.

The second edition was printed two years later and we again went back to our people and asked if there should be any changes to the new edition. The only changes we asked for was to clean up a few grammatical and spelling errors – a testament to the rigorous original process of involvement.



The Red Book

Aligning Behaviours

The site leadership had a role **to be seen** to be using this booklet (and thus teach others to use it) in guiding their behaviours and decisions. At one monthly "Town Hall Meeting" with all employees I got to the question and answer session. An employee asked why the Forge Team was given a barbeque celebratory lunch following a massive one-week Kaizen event to install, commission and settle a new piece of equipment to their line. His point was that the original program showed 5 days; however the final outcome took 7 days. In his mind, this represented a failure.

Before answering, I took the Red Book from my shirt pocket, opened it up and read, **"We will recognise superior effort, not just superior results"**. I then asked if he was arguing that this team did not make a superior effort.

This is just one example of how we show our people the importance of this document in guiding our behaviour and decisions. One of the behavioural statements in the Red Book is **"I will say sorry if I hurt someone"**. This gave our people the ability to apologize for the hurt caused without actually retracting the statement which caused the hurt. At one team meeting an intolerant employee called a colleague a "Dick Head" causing significant offence. In mediation, it was explained that we all agreed to say "Sorry" if we hurt someone. The offending employee was able to offer a genuine apology for the hurt that was caused without retracting his assertion that his target was a "Dick Head".

Of all the things we achieved at ADI Munitions, I think that the creation of our Red Book was the most difficult and most important. *All the best – Gary Kerr*

Jim Womack was 'Top Impact' at this year's huge Lean Conference in Boston... prior to arriving; Jim relayed these thoughts to us about "The Big Opportunity"

Dear David,

I started studying manufacturing performance 26 years ago this fall. We set out at MIT to perform the most exhaustive and accurate benchmarking of the world's largest manufacturing industry – motor vehicles – because we believed this was the best proxy for manufacturing in general and believed that a sea change in manufacturing practice was occurring.

When I look back on the past 26 years, I see what many members of the Lean Community with shorter careers may not. We have made terrific progress in improving design, production, and supplier management processes. As a result, defects in new vehicles and problems encountered over many years of use have fallen steadily. At the same time, the real, inflation-adjusted cost to the consumer of a given bundle of vehicle attributes has fallen year after year. These gains are not due to scale economies as in the age of mass production. They have occurred despite falling annual production volume per vehicle and shorter product lives as the auto industry has offered an ever growing variety of fresh models and options.

Even better, this triple win for the consumer -- better quality at lower cost with more variety -- has steadily spread across manufacturing in all sectors. In short, the world had gotten a lot better at making things in the past quarter century and there is every reason to think this will continue as we all learn more about lean process management.

However, when I **contrast the brilliant manufactured goods all around us with the success we have as consumers in fully solving our consumption problems, the picture is much less bright.** My goods are now a lot better than my consumer experience in solving problems ranging from shelter to mobility to healthcare to communication. I find myself in constant struggles with providers ranging from my car dealer to my health maintenance organization to retailers to airlines as I try to get all the goods and services in my busy life to work together to solve my problems with no hassle and at reasonable cost. In short, we are now in the age of lean production but are still stuck in the age of mass consumption and mass provision.

As Dan Jones and I thought about this issue as process thinkers it naturally occurred to us that **the way ahead must center on better processes.** After all, both consumption and provision of the goods and services we need are processes – complex sequences of interlocked steps that consumer and provider must perform. Indeed, we soon realized that the type of lean process thinking we have all become accustomed to in manufacturing has rarely been applied to the great majority of activities in our lives. Because **80% or more of what goes on in advanced economies is in the service and government sectors** rather than in manufacturing, this suggests that there is a truly **big opportunity** to make all of our lives better if we can simply transfer the lean process knowledge of the factory to the rest of the economy.

Dan and I have now completed our effort to do this in our new book, ***Lean Solutions***, and we would like to summarize our findings for the Lean Community. I am, therefore, conducting the first **LEI webinar at 2:00 p.m.** U.S. Eastern Standard Time on November 15. Due to the rapid leaps in web technology delivered through our PCs (a great case of brilliant products connected and supported with lousy services), we can accommodate all members of our Community who wish to attend. Because this is a small payback to the Community for the great support LEI has received over the past eight years, the one-hour online event is free.

I will lead off with a slide show describing the principles of lean consumption and lean provision, which together can create lean solutions that benefit consumers, providers, and manufacturers. And I will give some great examples of firms who are closing the enormous gap between the consumer and the factory. We will then have a question-and-answer session during which you can email in your questions and I will try to answer them in real time.

I'm truly excited about the potential of lean consumption and lean provision to join lean production in making all of our lives better, not just as consumers but as providers and as manufacturers. I hope you will join me for the first LEI webinar on Nov. 15 by going to www.lean.org to sign up.

Best regards, Jim Womack, President and Founder
Lean Enterprise Institute. <http://www.lean.org>