

Volume 12, Issue 47 ☐ November 21, 2005

Important Dates to add to your calendar...

- ☐ **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?

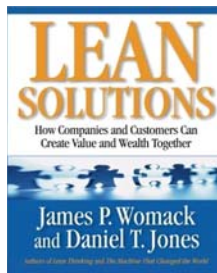
This exciting initiative began last year with each HPM company selecting something they wanted to share. Last year we saw unique examples such as the elimination of all paper in Accounts Payable, 5S Metrics system, a unique distribution system from Canada Post and more...

Christmas Giving that Will Continue to Give in 2006

"Lean Solutions" is every bit the eye-opener Lean Thinking was. It is a book for today - with North American Mfg. under attack.

There is much support for the notion that, **'with the right thinking, there is much we can do to compete and win in the global market place.'** This compelling book enables one to see an even bigger 'Big Picture' than their earlier book Lean Thinking. ***It clearly, and simply, shows just how those who can see and exploit the consumption process will dominate in a world where customers are increasingly turning to those who provide them waste-free solutions.***

This is a highly recommended book for any person who appreciates the benefits Lean can bring – and are looking for the next step in the process of competing and winning at home or abroad.



Process Leadership...

"It just doesn't get the respect it deserves!"

It has been a struggle to get the North American Mfg. infrastructure to understand that excellence in design must be matched by excellence in processes to deliver such designs. Only recently was Canada able to attain a national award for 'Process Excellence (Lean)'. The credibility is still not there - while we have Chief Executive officers, Chief Financial Officers – and many other 'Chiefs' – I doubt if you can find any **"Chief Process Officers."** SAID BEFORE Looks like competition will have to have its way with us more, before we see the light. Look closely at the article below by Dan Jones on "Process Leadership." It's worth a close read.

In October HPS brought Norm Bodek to Cambridge to help provide more tools to drive process excellence. Norm did that to a full classroom of 42 people who were very concerned about driving improvements into their companies.

Norm is the author of "**Kaikaku**" - this year's winner of the Shingo Prize for the most outstanding contribution to Manufacturing. Norm founded Productivity Press back in the 70's, which translated the Toyota Production System materials into books printed in English to feed his passion to help North American companies.

This Week, our colleague and mentor, Dan Jones, begins his article with a reference to **Kaikaku** and delivers a very serious message regarding the power of process leadership. **The industry example that put Kaikaku in front of many manufacturers was the "Technicolor Story"** which will be delivered at this year's AME-HPM-CME-SME Conference where you can find out how a company went to 'Process Leadership' by bringing into existence 34,000 improvements from 217 a mere 3 years ago.

And now on to Dan's powerful insight:

"Dear David,

I first heard the term Kaikaku over ten years ago when traveling with a Toyota Sensei around Japan, while researching our Lean Thinking book. As we visited several showpiece suppliers to Toyota we kept asking when they made the switch from batch

logic to flow: when they installed their Heijunka boards, pull systems etc.

Each time, the answer was in the early 1970s, just after Taiichi Ohno's team began spreading lean to Toyota's key suppliers. While they were continuing to do lots of Kaizen, the fundamental layout and logic was set in place at that time. **Kaikaku came first, before Kaizen.** That is when they made the fundamental shift that set them off in the right direction.

I worry that not enough organisations in the west trying to follow their example have grasped the difference between Kaikaku and Kaizen. Kaikaku for me is the embodiment of a different logic in the flow of orders and in the flow of products through the business: a commitment to leveling orders, to pull rather than push and to a rapid flow from door to door - made in such a way that there is no possibility of reverting to old batch and push ways of thinking.

If the logic in the heads of management has not changed along with the physical operations then things will easily slide backwards and no amount of Kaizen will get you out of that hole. Bottom up lean transformations keep bumping up against the problem of bringing the rest of the organization with them on their journey to lean.

What is missing is process leadership at the top. Top management focuses on strategic thinking and financial thinking but not on processes thinking. Chief Executives spend much of their time asking what customers can be served profitably from the firm's existing assets, knowledge base and geography, and buying and selling assets accordingly. Chief Financial Officers and department heads ask how the firm's resources can best be deployed within its business units, functions and departments. **But there is no such thing as a Chief Process Officer!**

The reason this is important is not just to support Kaikaku and Kaizen in operations and logistics. Kaikaku needs to be taken up a level and applied to the redesign of each value stream. Competing against low cost imports from China and elsewhere and achieving much higher levels of availability at the point of sale means creating lean, responsive value streams across several organisations. Serving time-poor customers means rethinking distribution channels and how to support customers using their products.

The redesign of the core value creating processes is too important to delegate. As we describe in **Lean Solutions**, the most promising approach is to create a small team, led by a high-potential executive, operating initially outside the normal departmental structure and reporting to the top. They must be free to challenge the conventional wisdom, the firm's current assets and relationships. Their job is to evaluate the core value-creating processes of the organization from the standpoint of the customer, and to work out how to flow value to the customer smoothly and with minimum effort.

A member of this team then becomes the Value Stream Manager for each value stream, leading the operational design and its roll out across the business.

Working out the operational detail means involving staff who will run this new value stream in defining customer value and drawing the future state map, so they can see the whole process, understand the logic behind it and the need for change and see the virtue of the new process.

Over time this Office of Value Stream Managers or Process Office (as distinct from the lean improvement group supporting Kaizen activities) will become the way to articulate the needs of each process to the functions across the business. Most staff will continue to work in their functions.

But the core design, production, and support value streams become the customers for their work. Now resolving conflicting demands for resources from the functions will be based on value stream plans and not just the result of a power struggle for budgets, of chimney costing within each function or measures of asset utilization. The whole organization can then unite around the core objective of creating value for customers profitably.

Who are the process leaders in your organization? What does your organization look like from a process perspective?

Yours sincerely, Daniel T Jones
Chairman Lean Enterprise Academy

PS. We began this discussion at the Frontiers of Lean Summit last week and look forward to deepening our knowledge of lean process skills at our next workshops on December 12-15. Details on the web site www.leanuk.org.

SME Press Release

Lean Certification Program Rolled out At Annual AME Conference

DEARBORN, Mich., October 31, 2005 -The announcement of a new **Lean Certification driven by the collective experience and intellectual capital of the Society of Manufacturing Engineers (SME), the Association for Manufacturing Excellence (AME), and The Shingo Prize was made at AME's "Leading the Revolution" — 2005 Annual Conference held October 31 - November 4, at Westin Copley Place Hotel, Boston, Mass.** The new Lean Certification will set an international standard for aligning Lean practices. The AME annual event complements the announcement by bringing together thousands of Lean practitioners to discuss new ideas.

This is the only true professional Lean Certification on the market that is based on a public body of knowledge and not tied to any training program. It has been developed by Lean practitioners across industries who have chosen a Lean career path. They have created a standard based on their knowledge and experience. The program is being managed by SME, a non-profit organization whose core purpose is to advance manufacturing knowledge.

The benefits of Lean Certification will impact all levels of industry. Large and mid-sized manufacturers for instance, will appreciate having acquired Lean Certification as they embark on their Lean initiatives — including setting programs for staff development and using certification as a milestone of achievement. They will also be able to use Lean Certification to support supplier development initiatives - and potentially help align entire industries to a common Lean standard.

For those not familiar with the Lean philosophy, it is a comprehensive approach to eliminate waste and increase customer value in business processes through continuous examinations. All facets of an organization's operations may be evaluated for improvement. Lean practitioners create countermeasures in order to eliminate waste, improve productivity, and increase customer value.

The new Lean Certification will provide manufacturing professionals with credentials illustrating their knowledge and application of Lean principles. During the conference, candidates will be able to submit applications and begin

their portfolio and mentoring processes. The exam portion of the program is scheduled for launch in March 2006 with the first certification exams being offered in Los Angeles during SME's Total Manufacturing Experience.

There are three levels of Lean Certification and one Industry Knowledge Certificate. The Knowledge Certificate is an exam-only option that measures knowledge of the basic principles of Lean. The first level of certification is Bronze, recognizing tactical knowledge of Lean focused on localized deployment and application of Lean principles, concepts and methods. The second certification is Silver, focusing on the integration of technical Lean activities with organizational restructuring necessary for transformation and the sustainable Lean operation of a complete Value Stream. The highest level of Lean Certification is Gold, which represents the complete Lean transformation of a business organization.

Industry leaders involved in SME's Technical Community Network, specifically the Product and Process Design Management Community, along with SME's Certification Oversight and Appeals Committee, were instrumental in the initiation, discussion and development of the collaborative process for the new Lean Certification.

Additional Information:

For additional information on the new industry standard for Lean Certification, contact Kris Beauchamp at (313) 425-3122 or send an e-mail to training@sme.org and type "Lean Certification" in the subject line. Visit www.sme.org/leancert

About SME:

The Society of Manufacturing Engineers is the world's leading professional society supporting manufacturing education. Through its member programs, publications, expositions and professional development resources, SME promotes an increased awareness of manufacturing engineering and helps keep manufacturing professionals up-to-date on leading trends and technologies. Headquartered in Michigan, SME influences more than half a million manufacturing engineers and executives annually. The Society has members in 70 countries and is supported by a network of hundreds of chapters worldwide. Visit <http://www.sme.org>

