

Volume 14, Issue 20 □ **May 14, 2007***Important 2007 Dates to add to your calendar...*

- **May 22nd, 12-4:30 pm HPM Board Meeting.** Host: Rockwell Automation, Raglin Facility, 12 Raglin Place, Cambridge. Learning Session: *Culture Development & the Front Line Manager.* [See page 3 – Re: Ed Spkr]
- **Jun 11th, HPM Lean Practitioners' Exchange.** Mancor Industries, Oakville
- **Jun 18th, HPM Leveraging Tour** Host: Nexans, Fergus
- **June 18th-22nd, LEAN CDN Regional "MeasureUp for Success Conference".** Location: Edmonton. Call-4-presentations: www.measureupforsuccess.com
- **Sep 5th, GMT Meeting.** Host: Willow Manufacturing, Toronto
- **Sep 10th, Leveraging Tour** [New Member - TBA]
- **Sep 19th, HPM Board Meeting.** Host: Tempress
- **Oct 10th, HPM GMT Meeting.** Host: Rockwell Automation, Cambridge
- **Oct 15th, HPM Lean Practitioners' Exchange.** Host: COMDEV Space, Cambridge
- **Nov 12th, HPM SIG: Health & Safety.** Host: Velcro Canada, Brampton
- **Nov 21st, HPM Board Meeting.** Host: GE Multilin
- **Dec 5th, HPM Share Showcase.** Location: TBA
- **Dec 10th, HPM SIG: Supervisors' Roundtable.** Host: Hammond Manufacturing, Guelph
- **Dec 17th, Lean IT Roundtable.** Host: Gerrie Electric.

It is all in your perspective...

"I used to dread getting older because I thought I would not be able to do all the things I wanted to do, but now that I am older I find that I don't want to do them."

Nancy Astor, on her 80th birthday

Plain talk from the Leader of the most decorated auto plant in the world

Ray Tanguay is president of Toyota Motor Manufacturing Canada and part of the Canadian Automotive Partnership Council – a body charged with identifying what is needed to strengthen the auto industry. Here are some of Ray's thoughts.... And remember they are coming from the most decorated auto plant in the world and the only plant ever to be given the right to build the Lexus.

"I would rather train my people and have them leave - than not train them and have them stay."

Bruce Draper, Mg. Dir. of GeoTechnical Inc.
– Winner 2006 UK Best Boss Award

- *"If you travel to China, they are not creating waste – they don't look at cheap labour. They're looking at the most-efficient way to produce product at the highest quality."*
- *"Yesterday's skills are not enough for today's competition."* This quote was captured after Ray disclosed that the Cambridge plant is in the process of re-training all of its production workers as part of a North America-wide corporate initiative.
- *"We can blame the government, but the thing we can do is change our own processes and eliminate waste."*
- *"Think about the number of people that are not doing value-added work in the plant. The customer does not pay for those people."*
- Ray told the the APMA attendees that Canadian workers are, on average, are far less productive than their American counterparts.
- *"Canadian suppliers that fail to produce products efficiently might not only fall behind American competitors but Asian manufacturers as well."*
- *"The Canadian auto industry should not wait for help from Ottawa or Queen's Park"*

Thanks to Matt Walcroft, KW Record

From Supply Streams to Value Streams

This is the topic Dan Jones shares with us in this issue. Dan will be a keynote speaker at the 2008 International Lean Conference to be held from October 20-24 in Toronto, Canada. More will be released at the Edmonton Lean Conference June 18-22nd – if you'd like preliminary information on the 2008 Conference contact: dhogg@rogers.com.

Dan is the Chairman and founder of the Lean Enterprise Academy in the UK. Read on....

Dear Dave

Fifteen years ago I first began to study lean supply chains, by observing Toyota's inbound parts supply chain and later their aftermarket parts distribution system. This was the beginning of a fascinating journey with Unipart, Tesco and many other firms, during which ***we learnt a great deal about assembling all the elements that transform a supply chain into a value stream that flows towards the consumer in line with demand.***

It is very encouraging that interest in lean supply chains is growing again. Many manufacturers are now ready to extend their lean efforts to their suppliers. Leading retailers are also challenging their suppliers to produce and ship in line with their lean distribution systems.

As lean takes root in healthcare delivery organizations their suppliers will also come under similar pressures. Despite their differences, the issues to be addressed in turning their supply chains into value streams are very similar. Here is my list of six questions that need to be addressed in any supply chain.

- 1. First ask why, if it only takes minutes of value creating time to make a product and only a few days to ship it to consumers, are our supply chains typically several months (or even years) long?** Even if we add a few days buffer stock to cope with real variations in demand from end consumers the gap is still huge – a few days compared with several months. ***You only need to walk and then map your supply chain from end-to-end to see the scale of the opportunity.***
- 2. Second, ask what can be done to close the gap between the use of the product and when and how it is ordered or purchased?** For example, we have been staggered to see the amount of supplies hidden away in cupboards in every hospital ward – literally thousands of pounds worth - all because of the rather chaotic reordering and unreliable and infrequent delivery from central stores. This is not only extremely wasteful but means reorder signals sent to suppliers bear very little relationship to actual use in the ward or theatre. The closer the order signal is to actual use the less volatility is passed upstream and the smaller the buffer stock required to guarantee availability.

- 3. Third, ask what can be done to increase the frequency of production or delivery at every point down the chain?** Picking up just the right amount of products from several suppliers on milk rounds rather than waiting for several days for suppliers to send you a full truck means you need to carry less cycle stock. It also levels the workload, improves the accuracy of picking and delivery and results in much better truck utilization.
- 4. Fourth, ask how to synchronize the rate of production with the pattern of demand?** In our experience this begins with digging behind the point optimization, the short-term plan changes and the fire-fighting to discover the underlying stability in our order and product flows. Then it involves establishing a common rhythm to make and to ship Every Product Every Cycle (EPEC). Then it involves using the lean tools to speed up the cycle from roughly every month to exactly every week and ultimately to making and shipping every product required by consumers every day. And finally, it involves linking every step in a dramatically compressed flow that responds quickly and accurately to demand. As a result you need to carry less safety stock at each point down the value stream.
- 5. Fifth, ask what are the win-win gains that will encourage partners to work together that can only be achieved through collaboration – both between functions and between firms?** The biggest win-win is often smoother order signals in return for closer synchronization of production with demand.
- 6. Sixth, ask who is going to be the architect of this end-to-end value stream redesign?** Who is going to put all the pieces of the value stream together? Who will take the tough decisions about the appropriate division of labour, the right degree of risk-sharing and the correct location of suppliers to enable the value stream to flow?

Being able to respond quickly and exactly to local customers is a critical competitive advantage for all kinds of manufacturers in advanced economies. It is interesting that this responsiveness is achieved by focusing on stability and time compression, rather than flexibility and fire-fighting. And it ends up costing less rather than more!

Turning supply chains into value streams does not happen overnight. It takes time and requires a clear overall vision of where you are going and an understanding of the most effective sequence of actions to get there.

To help plan your lean supply chain journey we decided to bring our knowledge and experiences together for the first time at our first Lean Supply Chain Forum. This will take place in Hilton Birmingham Metropole Hotel one month from now on Tuesday 5 June.

Those booking early will also be able to join us to visit one of the best lean warehouses at Unipart in Bagington, near Coventry, the day before, followed by dinner. We look forward to seeing many of you there.

Yours sincerely

Daniel T Jones

Chairman, Lean Enterprise Academy

[Note: Lean healthcare supply chains will be discussed at the *First Global Lean Healthcare Summit* on **25-26 June 2007**. Check out the details at his website www.leanuk.org]



On the Lean Horizon

1. **Attendance is taking off at the 3rd Annual Canadian Regional Conference in Edmonton on June 18-22nd, 2007.**

As of Friday night, 446 are now registered which makes it very likely a sellout as the facilities are structured for 600. As you may recall, the first year this Conference was held 596 practitioners paid to come – and they came from 26 States, 8 Canadian Provinces and 6 Countries. You may be able to get a 20% reduction for registering 5 people – **and if you do, you only need to pay for 4.**

www.measureupforsuccess.com

2. If you are looking for this year's really big Lean conference – it is in **Chicago from October 29th to November 7th**. Check out the details www.ame.org
3. **This week the 2008 International Conference announced its focus and planning guidelines. If you are interested ask Dave for the 16 page PPT at dhogg@rogers.com**

May 22nd ~ HPM Board Meeting's Education Session Focuses on...

Senior Management's Role in Supporting Front Line Managers

Paul Cerisano will share his experience ...from Michelin, Linamar, and Toyota

There is not one HPM Member who does not indicate a need to change more rapidly. However, Front Line Managers (FLM) are key determiners of the rate of implementation – whether it be fast or slow.

They are the interpreters of Sr. Management's vision - and they are the first to detect both issues and opportunities at the Gemba. It is worth every company's attention to equip them with the right 'big picture' and the right tools to accelerate the rate of transformation. A company can only implement change as fast as its culture will allow.

Paul Cerisano will share his operations leadership and management experience. His began with Michelin Tire in Nova Scotia where he started the first Training School for Michelin North America.

Building on that success, he participated in the design and development of the Manufacturing Leadership program now being delivered at 16 colleges in Southern Ontario. While working with the Linamar Corporation, Paul designed and introduced very successful enterprise transformation which was heralded by their 'big three' customers.

During the year that Toyota won the award for best manufacturing facility in the world, Paul worked with Toyota developing 100's of their team leaders and group leaders.

Paul brings to training and development a unique combination of a Master of Business Administration and a Master of Education.

Sometimes provocative, always with common sense. Paul Likes to challenge the status quo and believes **"Front line effectiveness determines the bottom line of a company."**