

Volume 14, Issue 21 □ **May 21, 2007***Important 2007 Dates to add to your calendar...*

- **May 7th, 9-12 Noon HPM SIG: Supervisors' Roundtable.** Host: Bird Packaging, Guelph
- **May 22nd, HPM Board Meeting.** Host: Rockwell Automation
- **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
- **Oct 29-Nov 2, AME International Conference Chicago** Contact: www.ame.org
- **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.

World's most Intelligent...

This week, Waterloo, Ontario – *the town that invented the BlackBerry* – was named the world's most "Intelligent Community of the Year" by the Intelligent Community Forum, a Manhattan-based think tank.

Of the seven finalists, contenders came from Ottawa-Gatineau, Paris, Estonia, Seoul and Dundee & Sunderland. According to the IC Forum: "The top Intelligent Communities of the Year provide role models for the world's best practices in creating competitive local economies and vibrant societies in today's hyper-competitive global economy, in which broadband communications is increasingly linking into a dynamic whole. In the "broadband economy," adaptability outweighs legacy, skills rather than resources are the keys to the future, and innovation, not location, creates a competitive advantage. As last year's winner, Taipei, hosted over 400 delegations (more than one per day) from around the world who came to learn from them. KW – *the site of last year's CDN Lean Conference* - is preparing to be inundated.

In 2007... There's a stirring among Mfg. leaders to focus on **'Becoming Great... because just being 'Good' isn't Good enough anymore!'**

It is amazing the impact Jim Collins' book is having on corporate thinking. If you have not read "Good to Great" yet, you owe it to yourself – and those who work with you - to pick up the CD's – or the book – at your favorite 'Chapters' store.

Wherever one goes, Mfrs are struggling with 'Sustainability' - and - **a lack of committing the attention and the effort to getting the basics right** - while in pursuit of the next silver bullet instead. For others, it is knowing about Lean but not being able to get the traction necessary to show progress - month after month and year after year. All this may become more of an issue now that the Canadian Dollar is nearly 92c with the probabilities of climbing more – possibly to parity.

Some of the best plants – even Toyota in Cambridge – are pausing and committing themselves to getting back to basics with a vengeance. As **Ray Tanguay, the President of Toyota Motor Manufacturing** said in the KW Record two weeks ago...

"Yesterday's skills are not enough for today's competition."

...And that is coming from a company that holds the respect of the world as the only Toyota plant outside of Japan ever to have earned the right to manufacture the Lexus.

The difference between Good – and – Great is that the great folks never recognize themselves as great. Tiger Woods is still changing his swing and he is still the first person on the practice green and the last off the driving range. He, and the aspiring great ones, most certainly know that the enemy of Great is Good... as in 'Good Enough'. And keeping the relentless pursuit of excellent as a behavioral and cultural trait will serve them well.

We still hear references - as recently as last week – to **'Lean works for them but not for us... etc. etc.** But at last these thought barriers are beginning to weaken. References such as "We are not in automotive" or "We are a job shop" or "We're in textiles" – ensures Lean won't work here. It is as Henry Ford would say "It does not matter whether you think you can or you can't – you will be right!"

It brings your author back to an intense discussion he had with the head of Quality Assurance in a major furniture manufacturer who told me earnestly "We cannot use SPC

"Leveraging learning for customer success"

Making World Class Make Sense

because we deal with wood – and wood breathes you know..."

With your permission, The HPM Weekly Update will highlight different areas applying Lean and this week it is an area that many had written off when it came to whether the sector could be viable or not when it came to global competition. An interesting thought was expressed this past week as the Canadian Dollar passed the 91c mark that there will be many more sectors than textiles that may not be in the future of our country. But there is hope.

Fabric manufacturing gets a new twist...

One supplier of contract upholstery fabrics has found a new manufacturing approach to make its efforts more efficient, more competitive and more profitable. Absecon Mills, a textile manufacturing company based in southern New Jersey, is thinking in ways that will make it more competitive against offshore operations, more efficient and more profitable.

It's thinking Lean!

The actual phrase is "Lean manufacturing." Lean manufacturing isn't new—in fact, it's been around so long it is becoming a movement. Henry Ford pioneered many of its principles. Later, Toyota expanded them to create new ways to squeeze the waste—the muda—out of an enterprise's processes. There are success stories aplenty from many industries. Yet, textile manufacturing remains mostly mired in the past; it clings to methods mired in the past; it clings to methods at odds with the demanding but proven tenets of Lean manufacturing.

That makes Absecon Mills, which sits only a few miles from the gambling playground of Atlantic City, something of a pioneer. ***It's only months into Lean manufacturing, yet its collective thought processes have already started to change.*** So has the look of its factory floor. One example of the results: Absecon is already seeing ***a 70-percent reduction in the waste material*** it needlessly stored.

"I've heard people say Lean manufacturing is applicable to every industry but textiles," says David Adair, Absecon's executive vice president. "We don't believe that. We fully expect that Lean manufacturing will give us a competitive advantage. Certainly we need it.

"With the textile industry being assaulted by the Chinese, and the trade agreement expiration in 2005, we need everything we can get. The textiles industry is still very much in the 1970s and '80s. We think that has to change if we're going to stay competitive, or thrive, which is what Absecon is going to do."

James P. Womack and Daniel T. Jones, the authors of several books about Lean manufacturing, say companies

can expect to double labor productivity, cut lead times by 90 percent and reduce inventory by 90 percent. Errors typically are reduced by half. ***So has time-to-market for new products.***

At Absecon, the main champion of Lean manufacturing is CEO Randolph Taylor. Taylor attended a Lean seminar hosted by the Business and Institutional Furniture Manufacturers Assn. He was so impressed by a testimonial from Lean manufacturing company Wiremold that he decided he had to look further.

"They offered some interesting stories about what Lean manufacturing can do for a company," says Taylor. "They really inspired me to come back and turn Absecon Mills into a Lean manufacturing organization."

Challenge beliefs

Absecon started by challenging traditional definitions of value, which can lead to some seemingly odd conclusions. ***For instance, forget about bench-marking versus competitors because it's a waste of time. Competitors likely are stuck in the wasteful past. Why bother with them?***

Unlike some business reengineering trends, Lean manufacturing doesn't destroy jobs. Done right, it creates new work. It's vital to get this message across to workers. If they don't believe, Lean manufacturing efforts will fail ***because workers are the heart of the process.***

There are five fundamentals of Lean manufacturing... one more time with feeling:

- 1. Value must be defined from the standpoint of the final customer,** not from the next point down the production process, not from accounting, not by old-fashioned beliefs such as batch and supply or economies of scale, and certainly not from the CEO's mindset. Keeping big machines running isn't necessarily efficient.
- 2. All activities needed to design and produce a product must be thoroughly understood and mapped.**
- 3. Product must move without interruption.** Lean manufacturing requires that materials must keep moving. They must flow.
- 4. Organizations must be structured so customers can pull from them.** Under Lean manufacturing, organizations can no longer afford to "push" product wastefully at customers. This is what happens with batch processing, where product is made in big batches only to sit and wait for the next step. This only results in oversupply, waste, price fluctuations and other problems.
- 5. The final Zen-like step is that the whole enterprise must pursue perfection instead of pursuing its competitors.** Any activity that doesn't create value is muda. Mistakes are muda. Transport of goods without purpose is muda.

People standing around is muda. Huge piles of material waiting for the next step are muda.

Relearn your business

So how is Absecon finding the muda? First, by looking for it. To do that, it has defined all steps in its process, including everything from raw material acquisition to its finishing companies and shipping to customers. A flow chart listing every step of the Absecon process is scribbled on the wall of a conference room. That was the first step. The next step, Adair says, was to find low-hanging fruit so that his company got a vital psychological boost by quickly—within weeks—implementing Lean thinking.

Adair is in charge of implementing Lean thinking. He's been with Absecon 15 years and came up through the ranks. Having done many of the jobs there, he knows where the waste lies.

But his flow chart found things that surprised even him. One was the wastefulness of storage mistakes. He found some 100,000 pounds of obsolete inventory, and so far the economy has jettisoned some 70 percent. The gains: increased space, saved manpower (no more moving it about from place to place so people could get to things) and less time wasted during inventory.

"That was very quick, simple & effective," says Adair.

The company also is making progress with housekeeping--the organization of work areas. This makes the workplace more efficient and boosts productivity. This can be as simple as creating "shadow boards" that show exactly where each tool should be kept. Workers are also asked to take more responsibility for their individual areas and to take ownership for not what they do, but where they do it.

"When you're not organized, a five-minute job becomes 10 minutes of wandering around looking for tools before you even get started," says Adair.

"There are areas of low-hanging fruit throughout the whole value chain, and when you go after them you see results quickly and easily," he says. "The key is you want to do things quickly, especially at the onset. You want everybody to see results because ultimately, yes, it's about changing the process, but what is more crucial and really the ultimate goal, is to change the culture."

Get workers involved

Eight people from all aspects of the company are on the Lean manufacturing team. "The absolute number one rule is that as you make gains in your company, you can't lay anybody off," insists Adair. "The gains are through productivity. You may, for example, do more cross training. To my mind the best part of Lean manufacturing is that you are letting the people who own the process make the decisions on how to improve things. It's not being dictated by upper management, who really doesn't know what the job is all about."

Another important concept is gain sharing. "Our feeling is

that at some point when gains are made, some of it will go back to the employees," says Adair. One issue with Absecon is how to get these concepts embedded in the minds of a workforce that is 50 percent Spanish speaking. To achieve that, it found a Lean manufacturing consulting company that was strong in Spanish to help with training.

The minimal gains Absecon expects to achieve include a 70 percent reduction in inventory and lead times reduced from four weeks to one. The company has already seen a 23 percent reduction in inventory.

"And when you don't have stuff batched and sitting in big piles, you can spot the errors much further upstream before a lot of waste is produced," says Adair. "This adds up to better quality. Quality is absolutely the number one objective. I don't care how cheap it is, it's poor quality you have lost the battle. Quality is the essence of everything."

Recruit partners

Because supply chain management is a key component of Lean manufacturing, it's critical that Lean companies get cooperation from partners, customers and suppliers. "Your lead time won't get to 2 weeks if your raw materials suppliers deliver in 4," say Adair.

Thus, companies up and down the value chain in essence are told, "It would be wise for you to pursue Lean manufacturing with us, because those are the kind of partners we want to align with." This is pressure, yes, but it's very different than squeezing a supplier for better prices. It's like saying, "We are becoming better, and in order for us to become better, we need our partners to become better as well."

"What you get is a kind of energization," says Adair. "It's like a brotherhood. Everybody starts to see what it is doing for companies that get into it."

For example, Absecon used to send a truck to its finishing company three times a week. Each truck would be hand-stacked with 1,000 rolls of fabric that were piled to the ceiling. Now it leases trucks that make the trip every day, so product doesn't sit—that's muda. All goods are on racks that are moved with forklifts. Unloading now takes 20 minutes; it used to take 24 hours.

"When you start to go through the process, you start to question everything, and the more you question, the more you see," says Adair.

"The whole process is a cultural change," he says. "The people who own the process are the ones making the decisions. That's a big turnaround for most manufacturing environments." Making the change to Lean manufacturing isn't easy, but worthwhile endeavors seldom are. Absecon knows there's a lot at stake—for itself and for the entire U.S. textile industry.

For more information on Lean manufacturing, go online to our good friends at www.Lean.org

If you are connected to a consortium – call your facilitator and get the discussion underway.