

Volume 14, Issue 24 □ **June 11, 2007***Important 2007 Dates to add to your calendar...*

- **Jun 15th, 9-12 Noon, HPM GMT Meeting.** Host: HPM Office, Kitchener
- **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.

Power of Outside Perception

At the last **HPM Board Meeting** held at **Rockwell's Raglin** facility, **Hammond Power Solutions, Frank Dolinsek** joined us. You may remember Frank as the champion of the innovative "High Performance Relationships" program which Hammond has applied across the company.

In quizzing Frank after the meeting – he presented a number of fresh observations that HPM Members may find of interest and echo as improvements.

Frank suggested that a little more time be spent at the beginning of the meeting to ensure everyone knew where each other's journey had progressed. Possibly each company's 'Ambassador or Rep' would review their Membership Charter (since they would not have met for 3 months) and include some of the following:

1. Take time, say 10-15 minutes maximum, for each company to update everyone on where they were – and specifically where the company had moved from the last meeting

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The Problem of Sustainability...

A must read because this is real. We have learned from international visits and through watching the world around us that the biggest challenge facing manufacturers anywhere – is the challenge of how to capture, hold, and exploit the gains they themselves achieve. In other words, we are not good at sustaining the gains we earn but our competitors are. Here is Jim Womack's take on the "Problem of Sustainability"

Dear David,

I recently got a call from an old friend who led one of the first Lean implementation efforts in healthcare in the mid-1990s. He has moved on to other challenges and we hadn't had a chance to catch up in recent years. So I asked him what happened to the Lean initiative in the healthcare organization where he had been a senior manager.

The answer was what I feared. "We created a Lean improvement team and conducted a comprehensive campaign to kaizen the organization's key value streams. And we had dramatic results. Faster patient flows. Better outcomes. Lower costs. **But we couldn't sustain the gains.** The improvement efforts weren't connected to the way the organization was managed and the value streams started to regress to the mean as soon as the improvement team left. After I left the organization, the whole program came to an end. What a shame."

My friend is far from alone. In our annual LEI web survey of the Lean Community, a leading problem Lean Thinkers always note about their improvement efforts is "**backsliding to old ways of working**" after initial progress. And the most frequently cited issue this year is "**middle management resistance**" to change. In short, the Lean movement has a sustainability issue we now need to address.

What is at the heart of our sustainability problem? More important, what can we do about it?

I believe that the root cause of regression in most organizations today is confusion about priorities at different levels of the organization compounded by

the failure to make anyone responsible for the performance of important value streams as they flow horizontally across the enterprise.

To prevent regression, someone needs to periodically clarify priorities for each value stream and identify the performance gap between what the customer needs and what the value stream is providing. The person taking responsibility then needs to engage everyone touching the value stream in carefully capturing the current condition (the "current state") of the value stream which is causing the gap. The next step is to envision a better value stream and determine who will need to do what by when to bring it into being. Finally, the value stream leader needs to determine what will constitute evidence that the performance gap has been closed and collect the data to demonstrate this. ***This exercise is, of course, nothing but Dr. Deming's Plan-Do-Check-Act cycle*** conducted repetitively by the responsible person, ideally employing A3 analysis.

I'm not proposing a dramatic change in the organization chart to reassign authority. Indeed, I've hardly ever seen an organization improved by a "re-organization". And I'm not suggesting the creation of a matrix organization where everyone has a vertical and a horizontal boss. Rather, during the transition to a mature Lean organization, someone with another job in the organization needs to take on the role of periodically (and quickly) auditing the horizontal flow of value and bringing to the attention of everyone touching the stream how the organization is performing along that stream.

Note that periodic audits of processes within small areas (for example, a continuous-flow work cell or a materials replenishment process) are a well established aspect of Toyota practices that I call "standard management". So auditing across departments and functions to examine value stream from end to end is a scaling up of current best practice, not something wholly new.

Auditing every value stream will expose problems with the flow of value and contradictions in organizational objectives. Indeed, it will expose many problems and many contradictions. And that is precisely the point. Most value streams currently have substantial performance gaps, but the magnitude of the gap and the precise causes are hard for anyone to see. (Hence the confusion and resistance of many middle managers, who are doing well on one set of objectives - asset utilization, for example -- when Lean methods require another set.) And fixing the root causes of poor performance will

Canada's Regional AME-CME Edmonton Lean Conference Draws 515 Mfg. Practitioners From Across North America – Still Room

Beginning June 18th – We will be heading to Edmonton to hear Best Practices delivered by practitioners from **British Columbia, Alberta, Ontario, Saskatchewan, Manitoba, Florida, Florida, Illinois, Michigan, California, New York, Nebraska and Texas...**

And, in addition to that cross section of experience, one must add the sheer networking energy derived from the over **515 Lean practitioners** who will be there.

Your editor will attend to tap into the trends for the Update. With both HPM and AfEE members attending, the chances are high that they will meet someone they can extract value from. As was highlighted in Kitchener, such conferences put on by manufacturers for manufacturers are a golden opportunity to add valuable links to your **"Personal Knowledge Supply Chain."** We will see many of you there – ***Please share your experiences with your team – and the Update – when you return!***

Check out: www.measureupforsuccess.com
[See Lean Diagnostic]

***And if you have not done it yet,
Click on the above link and check out
the neat Lean Diagnostic on Page 1,
Contributed by Bob Kerr & Scott Smith***

require someone - and quite possibly everyone -- touching the stream to change their behaviour.

It follows that the responsible manager needs to engage in a dialogue with the leaders of the functions and, if necessary, with top level management to gain agreement on who must do what by when to achieve a sustainable leap in performance that will benefit the customer and the organization. (One of the "whats" is likely to be rethinking the metrics the "change resisting" middle managers are being judged on.)

The responsible person then must periodically revisit the value stream, not just to prevent regression but to continually move it to a higher level of performance.

"Leveraging learning for customer success"

Making World Class Make Sense

A special problem as we tackle this issue is that **we can't simply copy current-day Toyota**. In the past Toyota went through many iterations of how to solve the problem of value stream management across the organization. But today its mature organization relies on policy management (hoshin kanri) at the macro level and a cadre of line managers auditing their areas at the micro level. Because there is no confusion about objectives from top to bottom and because managers have been taught from the very beginning of their careers how to see the flow of value under their management, no formally appointed value stream managers are needed.

Other organizations - yours and mine for example! - are different and **what we need now are experiments with value stream management methods**. Whatever the final answer, everyone in the Lean Community has a big stake in our solving the sustainability problem. Otherwise, the current surge of interest in Lean -- driven by the success of Toyota -- may become just another episode in the long history of unsustainable management improvement campaigns.

Best regards, Jim

[Folks: Jim is tackling the sustainability issue in detail in his presentation to the first **Global Lean Healthcare Summit in the United Kingdom June 25 and 26**. He hopes to see many Lean thinkers there. [Go to www.Leanuk.org](http://www.Leanuk.org) for details and to register.] If you like, you can subscribe to this e-letter personally by visiting <http://www.Lean.org> to subscribe. Just click the "Join" button on the right.

Cont'd: Power of Outside Perception

2. Each company to specifically point to something they were proud of that had been done well that had helped them move ahead since the last meeting
3. Clearly identify the **single item** that they could use some help with. Go around the room and see if anyone has a suggestion and a specific contact they could turn to for help
4. When a good idea is mentioned - like the Nexan approach to managing the gap between where they are – and what perfection looks like – speak up and indicate interest. **"That one turned me on as I wrote 4 pages just from the brief discussion with**

**"Always remember you are unique...
Just like everyone else"**

Jay Myers

Jim," said Frank. "I will definitely be giving him a call to ask to set up a meeting."

And when such meetings are set up, the 'right,' or most knowledgeable people, should attend as well. That would drive the leverage deeper into the company

5. If everyone could keep in mind the importance of "Driving the Leveraging as deeply as possible in the company" far more people would be involved and the exchanges would be more meaningful. "We need help on the shop floor to change attitudes, and cross pollinating those who add value would be a good payoff."
6. If we were to amplify the leveraging among companies – then Share Showcase could be a "Celebration Day" for all the exchanged learning that had gone on. In last week's Update it was shared that stemming from this past year's Showcase three separate delegations from different locations in COM DEV have journeyed to Hammond to learn in more detail about their accelerated learning program. "But that is just the beginning. Once COM DEV has adapted the process for their use we will learn a ton from them – that really compounds the value for everyone involved in the exchange.

In summary, Frank saw high value. He is applying it in the Front Line Supervisor training as he is now involving other practitioners from their Walkerton plant which will leverage the value gained through the discussions to a broader base in his company.

He has another recent benefit that he points to – the innovative **daily 5-S summary gleaned from Mancor**. Not only has that proven to be of value in his plant but he has now enabled it to be put to use in the Walkerton plant – again leveraging at its best as he will keep Mancor up to date as to how he is applying it to help things get better.

This initiative supports well the increasing need for us all to understand that:

Information not in motion is Muda!