

Volume 14, Issue 26 □ **June 25, 2007***Important 2007 Dates to add to your calendar...*

- **Jul 23, 9-12 Noon. HPM Safety Forum/Roundtable.** Host: Rockwell Automation. Dundas St. plant. Note: This session is limited to HPM Members and all their employees. To register email Scott at ssmith@hpsinc.ca
- **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.

Dave is on his way back from the AME CME Canadian Regional Lean Conference in Edmonton. More detail on trends to come

'Changing one's Paradigm brings new perspectives'

Or so said one engineer who our Update editor met as he and his wife landed 'North of 60' on Thursday. Dave was in Yellowknife to visit his son and reported... "You know the location is not Kitchener, Brandon, Langley, or Bigger when you land and arrive at your hotel at 10 pm in bright sunshine and immediately come upon 53 engineers with golf clubs just departing the hotel. All a bit puzzling. It causes you to pause a bit more when they tell you they are on their way to play in the ACEC **Midnight sun Golf Classic** which begins at 11pm and concludes by 4 am.

Sound like a different perspective? Even the rules of golf must change – such as the following rule which you won't find at the US Open. And it is a rule that is enforced rigidly: "You may replace your ball without penalty if it is stolen by a raven." But this is exactly what you can expect in Yellowknife this time of year. But after you stop scratching your head, you simply adjust your thinking, grab your clubs, and jump into the paradigm that you CAN play golf at night – and with some adjustments to the standards – you simply settle down and begin driving those balls. Ravens or not!

The 3rd Canadian Regional Lean Conference brings 588 practitioners together

We are entering a year of more uncertainty – for some the Canadian dollar nearing par is creating serious fears for survival. For others, the ability to be the 'supplier of choice' as OEM's and large companies go Lean is a challenge that is forcing them to look at Lean like never before.

"It is becoming clear," was one comment, "that our culture issues are killing us and will kill us if we don't stop and begin to address them. This conference showed how several companies had made such changes -- we are taking a lot of that value away with us. It is frustrating because even though we have tried just about everything else, it seems we still are not able to see that it is the culture we need to change."

At this conference, the recognition that culture is becoming the increasingly visible determiner of success or failure was openly discussed. In fact, it was mentioned so frequently and discussed during breaks and question periods, that it appeared to be a theme and a thread running through out the week.

One outstanding presentation by Jerry Bussell VP of Medtronics really highlighted just what Consortiums could become as he detailed the Jacksonville Consortium's evolution to 3 Consortiums from the one he founded. What was unique about his initiative is the fact that they integrate almost all sectors in their community, including, healthcare, service organizations, and more. One of the most interesting developments was having the Sheriff's Office join - and they have been one of the most active and contributing members.

The value of consortiums is beginning to be highly visible with good representation from AfEE and HPM Members. By this Update – Your editor would like to hear from any attendees and hear your thoughts and experiences. Email Dave at dhogg@rogers.com and let us know how you found value this past week.

New Announcement: CME's Perrin Beatty moves to the Canadian Chamber of Commerce

It is with regret that we have learned that Perrin Beatty has left the CME and will move on to take charge of the Canadian Chamber of Commerce. We wish Perrin well in his new position – and look forward to the CME to move from strength to increased strength to help meet the challenges for mfg which are appearing to escalate. The Board of CME has accepted Perrin's resignation and are honoring him for the progress made under his leadership. A replacement for Perrin is now underway.

New Mfg. Data Released at Edmonton Conference by Jay Myers.

For the slides used – go to the conference website at www.measureupforsuccess.com and click on "Downloads"

Jay Myers, CME's Chief Economist, & Senior Vice President is the most trusted and easy to understand economist in Canada – presented a comprehensive picture of manufacturing in North America which included some new insights into the impact of Lean. His presentations increasingly include Lean Manufacturing data which is finally beginning to provide both economic and financial credibility for Lean as generated by progressive manufacturers in North America who have known it for years.

Below are some of the selected slides that hit home with some of the just under 600 manufacturers at the conference. Here they are.

Outlook for 2007

The Good News

- Strong growth outside North America
- The boom will continue in Western Canada

The Bad News

- **High dollar – Prepare to compete at par!**
- **High commodity & energy costs**
- **Weaker overall economic growth across North America**
- **Continuing competitive pressures**

The incredible number of committed energy related project in the tar sands now stands at a huge \$153Billion over the next 10 years. The opportunities are enormous and to put them into perspective – it would take Canadian enterprise over 85 years of trade and investment in China to generate the same economic impact..

Oil Sands Opportunities

- Over \$150 billion dollars of investment in Alberta's oil sands & infrastructure projects over the next ten years
- Will drive an estimated \$1 trillion in total economic activity – over 80% within Canada
- Equivalent of 86 years of exporting to China.

Partnering to Meet Demand

- There are significant business opportunities for companies across Canada to partner with Alberta business
- The Alberta economy is expected to generate demand for an additional 400,000 new jobs over the next decade.
- Only 291,000 *new* workers are expected to join the labor market – based on current demographic trends
- A shortage of 109,000 workers is forecast for 2015
- Physical production constraints
- Alberta companies must partner to expand capacity opportunities in all sectors – oil sands supply chain, other manufacturing, construction, services

Why Lean – from Jay's economic findings

- A systematic way of generating cash flow for business growth
- Competitive advantage in global and North American markets
- Capacity-building to take advantage of energy developments across North America – and especially in Alberta
- Requisite for business partnerships
- Growth = Value Up; Cost Down

CDN Lean Implementation Figures (<900)

➤ None	51%
➤ Planning to apply	14%
➤ Early Stage	18%
➤ Extensive Implementation	14%
➤ Advanced Implementation	03%

Lean Implementation (% of Companies)

➤ Kanban	41%
➤ 5S	41%
➤ Value Stream Mapping	37%
➤ Kaizen Blitz	31%
➤ JIT	29%
➤ Visual Monitors	29%
➤ Quick Changeover	27%
➤ Six Sigma	24%
➤ Customer Pull Systems	22%
➤ Error Proofing	18%
➤ Other	04%

Top Ten Benefits of Lean (% of co.)

➤ Waste Reduction	59%
➤ Improved Process Eff.	55%
➤ Faster Prod. Lead Times	47%
➤ Reduction in Plant Space	43%
➤ Inventory Turnover	37%
➤ On-Time Delivery	37%
➤ Improved Product Quality	31%
➤ Red. Warehouse Space	29%
➤ Inc. Operating Profits	29%
➤ Improved Customer Service	27%

Lean Profile - (Those who are leaders and are advancing ahead of other companies)

Extensive & advanced practitioners tend to be:

- Growth companies – sales, production, profit, jobs
- Proactive – Increasing investments in training, technology, innovation
- Mid-sized firms (250-500 employees)
- Distributed across sectors & provinces
- Publicly traded or foreign-owned companies
- More export-intensive
- Collaborate more with customers and suppliers
- Facing skill shortages – 95% see skill shortages as a constraint on growth

Benefits of Lean

Here are data that are hard to come by in quantitative form. This data as well was extracted from Jay's survey of just under 1000 companies. The data points out that those who are integrating their activities and their use of Lean extract much more value from the implementation than is extracted by those at the starting phase or in the early implementation stages.

A = Planning the implementation

B = Early Stages of implementation

C = Extensive/Advanced implementers

	A	B	C
Waste Reduction	44%	62%	100%
Improved Proc. Eff.	52%	56%	99%
Faster Lead Times	41%	47%	97%
Reduced Plant Space	36%	43%	94%
Faster Inventory TO	36%	40%	94%
On-Time Delivery	22%	39%	85%
Imp. Prod. Quality	21%	32%	90%
Incr. Op. Profit	24%	30%	92%
Red. Warehouse Space	18%	29%	82%
Better Cust. Service	19%	30%	81%
Better Materials Management	23%	28%	92%
Employee Satisfaction	16%	24%	78%
Fewer Defects	12%	22%	86%
Improved Cash Flow	20%	25%	96%

For Jay's complete presentation to the attendees of the conference, simply visit the Conference website at www.measureupforsuccess.com.

The presentation also contains:

- Critical success factors
- Identified obstacles & Missing links
- **And, the finding that H&S carries a 14% defect record that accounts for 22% of payroll!!!**