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Important 2007 Dates to add to your calendar...

- Nov 12th, **HPM Management Training: Session 2, U of W**
- Nov 13th, 9:00-12:00 **HPM 5S SIG.** Host: Tempress, Mississauga
- Nov 20st, 10:30-4:30 **HPM Board Meeting.** Host: Nexans, Fergus
- Nov 27th, **Building a Lean Culture: David Mann,** Host: RIM
- Dec 5th, 9-5:00 **HPM Share Showcase.** Location: Father David Baur Centre, Waterloo
- Dec 10th, 9-12:00 **HPM Supervisors' SIG.** Host: Hammond Manufacturing, Guelph
- Dec 11th, **HPM Management Training: Session 3, U of W**
- Dec 17th, 12:30-4:30 **HPM Health & Safety SIG,** Host: Velcor, Brampton
- Dec 19th, **HPM Management Training: Session 4, U of W**

2008 Conference Gets Ready for a Record...

773 Coming to Toronto

The Chicago Lean Conference concluded on Friday with a record 773 signed up including three delegations: two from the UK and one from Australia.

Your Weekly Update editor is recovering from attending the huge Knowledge Exchange in Chicago this past week – the AME Annual Lean Conference – to gather perspectives from among so many companies.

The attendance was 1,796 (600 first-timers), including 130 attendees from Canada, 18 from Australia, and 11 from the UK. In total 31 nations were represented.

The trend of more companies sending more and more employees to accelerate the velocity of their journeys to World Class is continuing. Sixty-nine firms sent 5 or more people; 18 companies sent 10 or more with the largest contingent coming from Abbott Labs who sent 75.

There was intensity, concern, and much earnest dedication to learn more in order to get specific returns to protect and build profit margins. In other words, this was a conference for those serious about competing to win. It was impressive to see the integration of US University and College Lean education & training with industry – they have definitely got the picture.

In spite of the current nervousness in the economy and in manufacturing, there was no sense of foreboding detected this year - even though it was held over Halloween.

This year's conference concluded Friday with some interesting trends indicated:

- Lean is most definitely continuing to explode.
- The move to Toronto next year was given a HUGE vote of confidence as no conference in 23 years has ever come close to the 773 seats sold in advance at the Chicago conference for Toronto in 2008. **And note – this is in today's tough markets where these expenditures are not entered into lightly**
- Increased interest in New Product & Process Design and Development with a number of sessions focusing on the Japanese 'Set approach'
- The emergence of 'Green Lean Thinking' is on the grow with the highest levels of debate on the topic ever. Illustrations of the profitability to be gained were presented by the companies who were achieving them

What does next year mean for Ontario Mfrs?

- **Exposure/Exchange:** Present your Best Practice on the program to the widest yet range of practitioners
- **Outside Eyes:** There will be a demand to visit Ontario Mfrs. Already there are two delegations from consortium members in Manitoba & Saskatchewan. The opportunity is to use these outside eyes to give full and complete feedback to the host company for their Continuous Improvement strategies.
- And here is a second huge opportunity:
 - Serious companies can now look at the benefit they could gain from **being a Tour Site.** With Richard Evans from Messier-Dowty, each tour site – once approved – will be lauded for many months as a leading Ontario company. **This can mean a lot to a company and to its people.**
 - This event is bringing the world's largest (and that is accurate) Lean conference ever held to Canada. With careful planning, a large number of your staff will be able to attend using the "Transferable Passes" which were initiated by the first Lean conference presented in Canada in 1998.
 - **Opportunity:** Never forget the machining plant in Richmond Hill that committed itself to become a "5-S Lean Tour Site" – and earned the opportunity – only to have one potential customer visit them who liked what they saw so much **that 102 of their parts are now on the new Airbus A380.**

More specific detail to come from others attending.

The Wisdom of Thinking Back From the Customer

Dan Jones brings this perspective – and a timely one at that – that can help put some order into the coping going on now in so many Canadian companies as they face the current parity with the US dollar.

On the day of writing this it was \$1.0704.

Dear Dave

"Leveraging learning for customer success"

Making World Class Make Sense

Lean thinkers know that you can learn a great deal about an organisation by finding a good spot on the shop floor or office floor (the *Gemba*) from which to spend time observing what is going on. From here you can see just how the work is organised and how management thinks. **The shop floor really is a reflection of management.**

But there is another very good place where everyone should spend some time observing what is going on – and that is at **the point where the end customer buys or uses the product or service**. This might be the hospital ward, the call centre handling telecom breakdowns, the supermarket (particularly at the back of the store) or the car dealer. The supply chain really is a reflection of the interface with the end customer.

We have spent a lot of time studying these kinds of situations and it is remarkable what you can learn from this vantage point. Unfortunately most manufacturing folks do not get to see beyond the shipping dock, because what happens downstream is not their responsibility. Likewise those at the customer interface spend little time thinking about the supply chain that feeds them. This is a big mistake; because what happens at the interface with the customer has profound effects all the way back up the value stream and vice versa.

In our experience efforts to spread lean beyond the factory and across the supply chain cannot realise their full potential unless they start by working back from the end user or customer. Developing suppliers upstream from manufacturing is only half the story. **It is at the customer interface that the initial *Mura* (variation not caused by the customer) is created that causes lots of *Muri* (overburden) that in turn causes all the *Muda* (waste) throughout the supply chain.**

Mura feeds on *Mura* all the way upstream (triggering the well known Forrester effect) and unless the root causes of *Mura* are addressed the supply chain will be much longer, less responsive, more expensive and less able to deliver the right products on time. Buffering against *Mura* upstream helps a lot, but is only a sub-optimal solution. We discovered that you can only really address the root causes of *Mura* passed upstream by collaborating with those who deal directly with the end customer. The good news is that this actually opens up a very powerful win-win-win opportunity to serve customers better while at the same time improving the efficiency and profitability of the retailer, distributor or service provider as well as the manufacturers up the supply chain.

This is where value stream managers should begin their work – by thinking back from the customer, understanding the root causes of *Mura* and working out the win-win-win opportunities for working together with their customers and their retailers, distributors or service providers. There is as much potential for lean dealer/distributor development as there is for lean supplier development upstream.

The new *Creating Lean Dealers* workbook by Dave Brunt and John Kiff is the first step by step guide to unlocking this win-win-win potential. Once you begin

**"Common sense is genius
dressed in its working clothes"**
Ralph Waldo Emerson

measuring real customer fulfilment it is surprising how few cars are serviced and repaired right-first-time-on-time – typically between 30 to 70%. This level of service is very common across industries if you could but see it.

However as almost no attempt is made to diagnose the work to be done until the customer turns up it is not surprising that they then have to scramble to find the necessary parts, have to hold lots of parts in stock, can't really plan the time it will take to do the work and can't streamline the flow of work through the workshop. An unreliable and infrequent parts supply system just adds to the problems.

Turn this round by developing a structured dialogue with customers a few days ahead of their arrival to pre-diagnose the work. This changes unpredictable work into predictable work, for which you can pre-order the kit of parts and accurately plan the time to do the work. This makes it possible to segment the types of work, standardise the sequence and flow cars through the workshop, doubling the productivity of the same staff.

It also makes it possible to order kits of parts for each job as they are needed rather than holding lots of parts in stock. And this signal of true demand makes it possible to create very cost effective rapid replenishment loops back upstream all the way to the manufacturer, with minimum *Mura*. The end result is 90% plus customer fulfilment, doubled productivity in the workshop and levelled orders making it possible to produce and ship in line with demand.

Creating Lean Dealers shows how this same logic can transform all the other activities of a dealership – from new and used car sales to body shop and customer account management. It will be a wake up call to the auto industry still wedded to customer satisfaction scores and in denial about how poorly their sales and service processes actually perform. But it also has some very practical lessons for many other activities, from sales and service of all kinds of equipment and infrastructure to managing diagnostic and treatment processes in healthcare.

The car dealership turns out to be a great place to learn to see customer fulfilment and what drives the supply chains that feed them. If we are serious about redesigning end-to-end value streams to create more value for customers using less resources and generating higher profits we all need to find our own spot at the interface with our customers.

Yours sincerely

Daniel T Jones

Chairman, Lean Enterprise Academy

PS. *Creating Lean Dealers* will be available from LEA at the end of next week – from www.leanuk.org

In response to discussions with several top leaders 3 weeks ago– here are some answers I promised to share:

TIPS: Implementing Lean ~ Team, Participants Roles & Responsibilities

To add to the listings of roles and responsibilities which included over the past two weeks both Top Management and Middle Management roles, here are some of the key roles to be developed at the Team Member and Individual level where the rubber hits the road (ah yes, the Gemba). There is no doubt that you can add an equal number or more.

- **Lean Attitude:** It is usually the observable behavior that results from prolonged exposure to the climate or environment that surrounds Value-Adders over a long period of time. **In other words it is the visible outcome of the style and nature of the management in a given area or company** as it is an extension of the culture that has developed. While attitudes will vary from company to company, or department to department, the main attributes include descriptors such as” Respect for people; Continuous Improvement; Positive; Supportive, Devoid of Fear; Open, Data-based (not opinion-based) approaches to problem solving and decision making; Vision referenced; Trust; Integrity; Willingness and Standard Work
- **Real Work:** Continuous Improvement & Lean activity must be treated as ‘real work’ – ***if it is not, the roots of that behavior are management-based***
- **Instinctive Problem Solving:** Activities must lead to solving problems in any of the following areas:
 - Quality - *care, ‘stop the line’ mentality, and pride*
 - Cost – *appreciation and reduction*
 - Productivity – *doing more with the same or less*
 - Scheduling/Delivery – *reduction of cycle times in design, engineering... - EVERYWHERE*
 - Safety – *Care and respect for people*
 - Communication – *solving morale problems or issues among individuals*
 - Customers – *anticipation, commitment, empathy*
- **Ownership:** Participants identify/own problems AND recommend AND implement solutions.
- **Find Their Voice and Help Others to Find Theirs** – Steven Covey’s 8th habit for highly effective people.
- **Suggestions:** *Understand that suggestions must be documented, analyzed and supported by statistical & technical data before presentation for management approval. It requires creativity, thinking & effort*
- **Willingness & Involvement:** *Ownership is only possible through involvement... but to gain the maximum value from involvement, there must initially be a willingness*
- **Team Behaviors:** Team members follow these three elements of a successful team:
 - To have the same goal (common purpose)... and communicate with each other and management until it is crystal clear. Time to make this happen is essential plus the elimination of behaviors that generate humiliation or embarrassment – the greatest fear of the human being is to be humiliated and embarrassed (Death is #6)
 - Be willing to respect one another and work together – this will demand communication and a desire to know others to make it work
 - Be able to communicate, communicate, communicate
- **Desire to Learn:** For personal and company benefit
- **Practice Standard Work:** To prepare for the complexity to come