

Volume 15, Issue 02 □ **January 07, 2008**

Important Dates to add to your 2008 calendar...

- **Jan 11th, 3:00-4:00 pm** HPM Steering Team – This will be a Web meeting
- **Jan 16th, 9:00-4:00** 5S Special Interest Group. Labelad
- **Jan 25th** HPM Front Line Management Training: Session 6. "Promoting Effective Teamwork"
- **Feb 13th, 11:30-4:00 pm**, IT Special Interest Group. "VOIP", Gerrie Electric
- **Feb 18th, 11:30-5:00 pm**, HPM Board Meeting
- **Feb 26th, 8:00-5:00 pm**, HPM Front Line Management Training (Concludes): Session 7. "Performance Management, where the rubber hits the road."
- **Mar 12th, 11:30-4:00 pm**. 5S Special Interest Group. Willow Manufacturing
- **Mar 25th, 9:00-4:00 pm**. Joint HPM/AfEE Health & Safety Special Interest Group. Host: AfEE
- **Apr 16th, 8:30-5:00 pm**. HPM Share Showcase. WMRC Waterloo
- **Apr 24th, 11:30-4:30 pm**, Visual Workplace SIG. Tempress
- **May 14th, 11:30-4:00 pm**, IT SIG 'ERP Implementation', Hammond Power Solutions
- **May 20th, 11:30-5:00 pm**. HPM Board Meeting
- **Jun 11th, 11:30-4:00 pm**, SIG Kaizen & Problem Solving. Host: Rockwell
- **Jun 26th, 9:00-4:00 pm**, Joint HPM/AfEE Health & Safety Special Interest Group. Host: TBD

HPM's 2008 Balance Scorecard

With "Value" looming even larger than ever as we enter 2008 – the Balanced Scorecard provides an easy way to communicate in the same language. Making it come alive will benefit us all...

Customer Success Goals: Reached by a commitment to Consortium Success through learning & leveraging events

Member Company Success Goals: Reached by a commitment to individual Member Company improvements

Operational Success Goals: Reached by a commitment to improving the Operation of the Consortium

Financial Success Goals Reached by a commitment to financial viability of the consortium

All members should review the detailed goals on their own copy of the HPM Balanced Scorecard for 2008. This tool is now widely used – especially by companies whose business is rapidly changing and frequent measures are needed. Sounds like our world in 2008.

The Road Ahead... Some things to ponder as we enter 2008

Can you remember facing a more uncertain year? There must be something up because the media & government have re-discovered the word 'manufacturing.' Prudence and care probably permeate most thinking right now as we have projections covering the range from "not buoyant" to "extreme pessimism".

When uncertain times are before us, folks usually shift to their 'comfort zones' until the pain goes away. **This is where the true value of membership in a Consortium can really pay off – be it to remind you that your comfort zone may not be the right refuge – or, to serve as a safe means of ensuring your vision and strategy are solid.**

However, those who succeed usually put together a vision – well in advance – that provides the direction and alignment of resources they need to survive through difficult times.

Some Observations

In speaking with some US manufacturing leaders who have seen much of what economic waves can yield for business – we hear of some disturbing thoughts over the past week including:

- A belief that the US has so far seen only about 20% of the subprime mortgage issues as *most will foreclose in 2008 and 2009*
- Following that will be the wave of foreclosures of the big residential mortgages which reset each 5 years
- The credit expansion (the subprime issue) will be followed by a long wave of credit contraction that will affect just about everything else
- Europe will be/is slowing and may follow the US – Japan & China show signs of slowing as well
- Two issues that don't help: 1) Economists are some 18 months behind the events, and, 2) Stock marketers normally beetle toward their comfort zone which is 'picking stocks' - with nary a thought of the economy's direction
- Suspicion that the housing impact will bottom out in 2010

On the local scene, HPM's original Knowledge Supply Chain Link, Jay Myers, who now heads up the Canadian Manufacturers and Exporters across the land, put it quite bluntly when he stated last month:

- The global credit crunch will get worse

- The US will slow and we will be impacted
- If you are struggling in your day-to-day business, you are not alone. At \$1.03 US, Canada's currency has appreciated in value by 65% against its US counterpart since January 2002. It has not helped that the loonie has skyrocketed by 21 % against the US dollar since January
- Current projections are for a \$1.05 for the coming year with above par expected beyond 2008. Par will be with us for a while
- GDP in Ontario to decline by 40% to 1.9%

So What?

All in all, there is some consistency of prognostication – and that's its range which appears to run from 'not buoyant' all the way to 'extreme pessimism' – and that is without considering the outcome of the US election. So what are some of the things we might think about going into 2008? Since Visions for 2008 are likely well set in place – there are some short-term operational things that can make a difference. The following is based NA observations with some Aussie & UK logic sprinkled in (thanks, folks). Broadly stated, **there are a few key big things needed to protect margins** – and there are a zillion small things. We need to do both as we 'grow into' the right emerging Vision which our leaders are determining right now.

Extracts from Practitioner Experience

We all understand that companies are like DNA - **there are no two the same**. Hence, every company must harvest the best relevant information they can to fashion a long-term and short-term Vision that will work for them. The long-term Vision must include the necessary cultural adjustments – and today there will be some – including changes in how we work together, adjustments in values, and the process needed to grow the leadership to make it all happen and sustain it. The most urgent Vision is the 'future desired state' for the next few years – the exploitation of which needs to begin now as most set their 2008 vision some time ago.

Short Term Impact On Current Visions

- **Focus on the customer** like never before – and, internally focus on the only three things you have to work with: People – Processes – and Technology (the accelerator) – with unwavering intensity!
- Communicate like never before. We might stop using words such as Lean, TOC, Six Sigma and focus on **'The elimination of waste everywhere while adding value to every internal and external customer.'** Terra Nova Shoes did it by asking folks, "What do you need to make your job easier?" (They are now the largest of the 3 boot makers left alive in Canada – there used to be 65!)
- Focus on clarity of outcomes & their measures – so everyone can understand the expectations

***"Santa Claus has the right idea:
Visit people once a year."***

Victor Borge

- Adopt an immediate "GOSEE" strategy... where ever there is a problem do not talk about it... go to the location and see it all together. Observe the environment, see the issue, talk with the people... then solve it
- Think simple – *"Just imagine the improvements we could make if everything was made so simple that everyone could understand,"* and, *"If your commitment is not to simplify everything you can every day – then you are really preventing folks from contributing. We need everyone in 2008*
- Adopt zero tolerance for any signs of lack of respect
- **How about this: Cram as much learning as possible into uncovering what the teams don't know – but will need to know – by July 1st.**

Then establish your strongest team and prepare them thoroughly to attend the largest Lean Conference ever held in North America. That is, make 'bringing home top value' the express purpose of attending by going after every scrap of experience, know-how, and relationship you can extract from the 2,500 practitioners who will be there.

One of the keynotes we can all learn from includes a pioneer who has been thinking and implementing Lean for the last 15 years and has used it to grow the company from nothing to the world's second largest office furniture manufacturer – and, the largest fireplace maker. There are things to be learned because the language of Lean will be the mode of exchange as it will with practitioners there from 30 countries.

Longer Term Thoughts

- Build in a total commitment to: **"The elimination of waste everywhere – from research to where the value is added – while adding value for all internal and external customers"** – Draw all you need from Lean but call it "YPS" (Y_{our} Production System). You need never mention the word Lean.
- Develop a process to grow the management team needed to deliver the discipline, consistency, and commitment to sustain your vision and the processes that support it. (Ref: Good to Great, by Jim Collins)
- Develop a strategy to "make it all so". Ref: "How to get the right things done", by Pascal Dennis.

"Pulling" Lean Thru a Hospital

Departments at Windsor's Hôtel-Dieu Grace are requesting Lean initiatives across the hospital – And the results are showing
Full details at www.lei.org "Success Stories"

According to Hotel-Dieu Grace's George Taninecz, it is not unusual for North American hospitals to try to apply Lean to processes where patient-flow impacts revenue. However, although there is some success to show, they often end up – as mfrs do – with islands of improvement hopelessly surrounded by forces anxious to maintain the status quo.

Hôtel-Dieu Grace Hospital in Windsor, Ontario, started in a common problem area - the emergency room. And, after an initial hiccup, which was followed by some eye-opening results, they have expanded improvements throughout the hospital since 2005. In fact, they have generated an honest "pull" from other departments who now want in on the fun because of their desire for Lean. Many now realize the power of cross-department value stream mapping.

Their new goal? **An end-to-end patient experience.**

According to the hospital's **CEO, Neil McEvoy**, "You have to get together very different groups to make change happen." In Lean, they tapped a way to address two fundamental needs for change within a hospital:

One: An ability to see what was going on by describing the processes taking place in the hospital

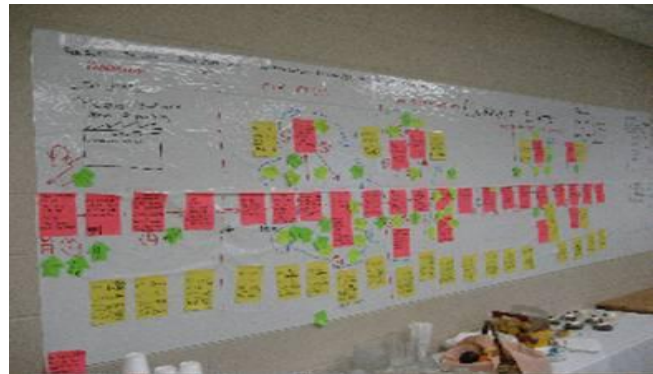
Two: A way to illustrate processes and illuminate problems for people who don't bring an engineering or analytical orientation to their work.

"We stumbled upon this thing called Value Stream Mapping," says McEvoy, "and that was really the doorway into Lean."

After a brief Lean failure trying to over-ambitiously address the hospital's portering process, the valuable lessons it provided led them to identify a few key criteria established for the emergency room (ER):

1. **Champion and support:** Chief of emergency medicine Dr. David Ng was energetic and looking for new ways of thinking, and ER staff desperately wanted change
2. **Need:** The ER was struggling with extraordinarily high wait times and an unhappy and occasionally dangerous environment.
3. **Control:** Staff participating in workshops will be the ones to implement change and make the improvements
4. **Benchmark:** *Hospitals across the river in Detroit were offering a 29 minute guarantee of service in their ERs* and some in Michigan had begun Lean which showed targets & benchmarks of how Windsor could improve.

VSM in Central Sterilizing & Reprocessing



The ER now serves as an internal benchmark for other Hôtel-Dieu Grace departments.

"We were hoping that people would look at their work from a higher level and see how it fit in and how to change it," says Coughlin, who has kicked off each Lean workshop and offers an assurance that staff won't improve themselves out of a job. "But it was much more than that. It helped with teambuilding, **People in that workshop for the first time realized what other people on the team did. There was a newfound respect for every member of the team.**"

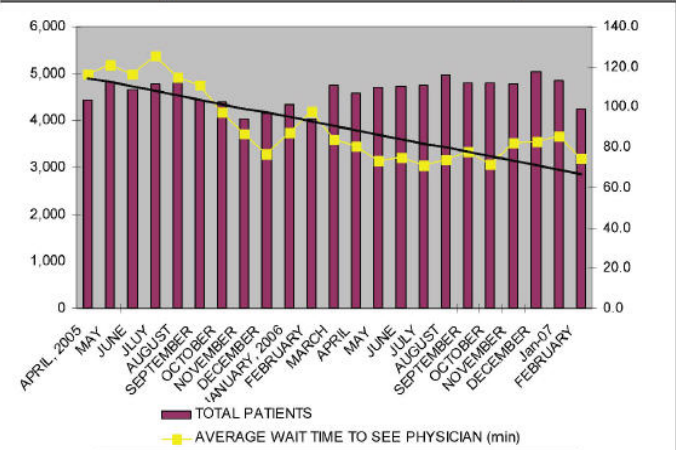
Efficiency at moving through discharged patients (about 85% come to the ER) cut wait times even while patient volumes rose from 150 to 200 per day. The redesign empowers treat & release nurses to pull patients into an open bed without waiting for the charge nurse. Lean participation among ER personnel has been high, peaking at 82%. "More nurses and more of the physicians are starting to be clear systems thinkers."

Patient satisfaction: Walkouts, whereby a patient quits waiting and leaves, dropped from 400 per month to 150

Wait time: Dropped from four hours to less than three hours, despite a 10% volume increase.

Employee satisfaction: **Labor turnover for the year after the workshop went from 50% down to 6%**

Average wait time to see Physician



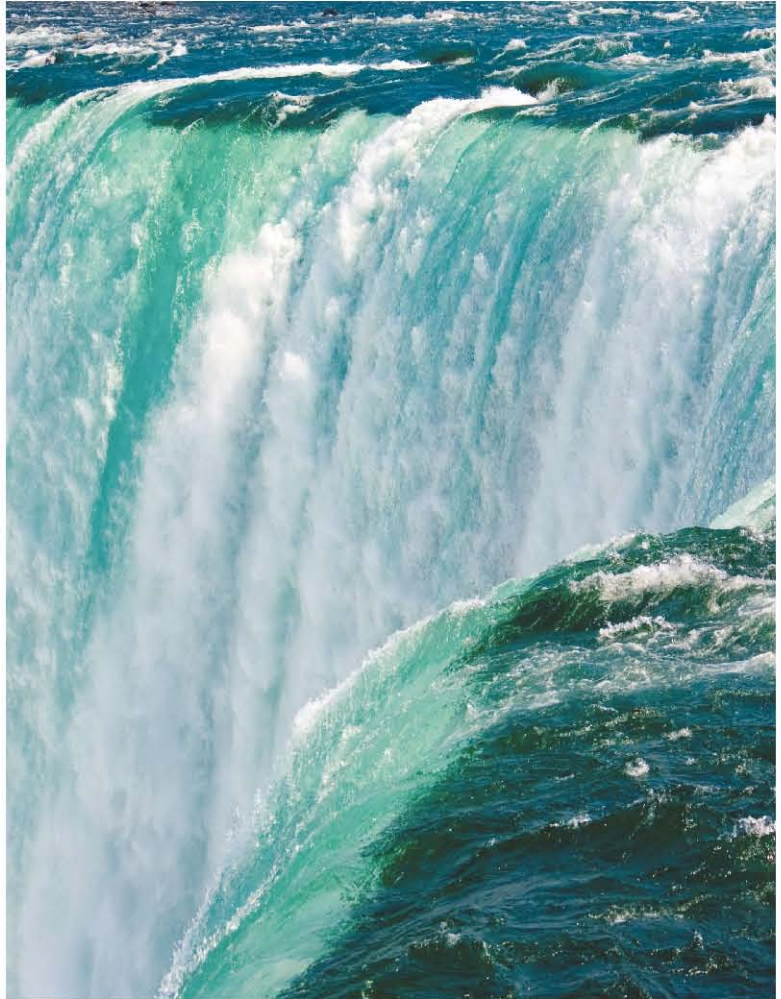
from good to great

disciplined people use disciplined thought to
create disciplined action. **The winning combination.**



There are **good** waterfalls and
then there are **great** waterfalls.

Every waterfall has its beauty. It's the combination of height and volume that makes the Niagara Falls not only beautiful but powerful. 35,000,000 gallons of fresh water roars over the edge of one of the world's greatest natural wonders per minute. About 500 other waterfalls in the world are "taller" than Niagara, but none are more powerful. Niagara Falls is the largest producer of hydro-electric power in the world. **Did you know?** The first person to go over the falls in a barrel and survive was a 63-year-old female schoolteacher.



**Nature creates wonders that urge people
to travel across the world to see.**

**Have you developed a Lean operation
that everyone is flocking to benchmark?**



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