

A belated Happy New Year to everybody. We hope that 2006 will be a successful year for you and your businesses and you are all ready to continue your lean journeys.

It seems to have been a quiet month for lean or business improvement news, so our newsletter is a little shorter than in recent months. Once again, if you have any news, or success stories that you would like to share, please let us know.

EVENT LEAN PREVENTS A COMPANY FROM BECOMING GENUINELY LEAN

How many lean events has your company conducted? Does that make you lean? Events deliver results, but not sustainable change, says Jamie Flinchbaugh in his new book, "The Hitchhiker's Guide to Lean."

In this article, Flinchbaugh tells how to stay on the path to genuine lean.

Follow this link to read the article on the SME website - <http://www.sme.org/cgi-bin/get-newsletter.pl?LEAN&20051209&1&>

VALUE STREAM MAPPING

Walking the Value Stream conducting a "Waste Walk"

The following is from Lean Thoughts the e-newsletter of "The Lean Consortium" in southern Ontario. It is written and edited by Richard Kunst, VP Continuous Improvement, La-z-y Boy Inc.

Last week I had the wonderful fortune to facilitate an energized group of our folks at our Dayton Tennessee campus. The team had already completed an initial round of preparing their "current state" maps and had identified some potential projects. But, a current state map without a future state map is just a waste of time... so we decided to review our current state maps and build our future state maps.

Don Butcher the facility manager decided that the team would focus on developing maps after looking after "disturbances to flow" issues first thing in the morning. The challenge was not being able to employ "outside eyes" how were we going to have our employees see the waste within the value streams?

We decided to use the 50% rule as we walked our value streams once again. We were going to look very hard for opportunities that would allow us to reduce inventory by 50% distance

traveled by 50% while also seeking opportunities to improve yield and quality. Sometimes you need to inject a challenging target to open your eyes even wider to see the waste in the processes.

Before walking the Value Stream... stop in the centre of the plant and observe. Not just for a fleeting moment but at least for an hour... it is an excellent investment in time.

What does your factory say to you?

- Are your floors talking to you? Where everything is properly labeled and in it's place, or do you have the benchmark of random stocking?
- Do you see flow? Where the parts know how to migrate to the next process with minimal human intervention. Or do you have a swarm of material handlers excellent in moving stuff through your facility?
- Is the process Self Regulating? Self-Ordering? Self-Sustaining?
- Can you see your operators? Are they Safe, Clean and Comfortable? Or are they hidden behind walls of inventory stacked to the ceiling?
- Does the sound of your manufacturing process sing a lovely tune to your ears?
- Do you see one-piece flow, or the migration of batches of stuff currently sitting idle?
- How many lift-trucks are moving inside production areas? Is this an opportunity to find a simpler, easier and safer way to move material?
- Do you have technology islands or cellular manufacturing?

As Taiichi Ohno preached... stand in the circle and observe!

GRANTS AND SUPPORT

Are you getting all the funding that is available for your business? I came across this business about twelve months ago. Their website collects basic data about your business and then advises what financial support may be available to you.

It may just be useful to check it out!

<http://www.j4bgrants.co.uk/Default.aspx>

LEAN AT NUMMI -- IT'S NOT THE TOOLS, IT'S THE THINKING

The following appeared in the SME e-newsletter.
www.sme.org

When leaders at NUMMI, the joint venture between Toyota and GM, talk about their deployment of the Toyota Production System, they actually say little about the familiar Japanese-named tools. They speak instead about the **way knowledge is shared**. At NUMMI, **learning is inseparable from everyday work**.

Access complete article at:

<http://www.sme.org/cgi-bin/get-newsletter.pl?LEAN&20060109&3&>

FEWER JOBS IN A TOPSY TURVY ECONOMY

Manufacturing News, Source : TheManufacturer.com
Published : 22 Dec 2005 11:59

A topsy-turvy economy in 2006 will yield stronger growth but less job creation as employers seek to reverse this year's productivity slump, says an authoritative report published today.

According to Dr John Philpott, chief economist at the Chartered Institute of Personnel and Development (CIPD), slower economic growth in 2005, combined with unexpectedly high levels of job creation, are likely to see the year

go down in history as the worst year for productivity growth since 1990.

"Employers shied away from job cuts in 2005 as the economy slowed, hoping for better economic news round the corner. This contributed to record levels of employment and the creation of 300,000 extra jobs by the end of the third quarter of the year, despite economic growth remaining below trend. Job seekers who might have been expected to gain from stronger growth in 2006 instead look likely to feel the pinch as employers look to cut costs through slower recruitment, more redundancies, or efforts to raise productivity amongst the existing workforce.

Looking back on 2005, the report reveals that almost one third of organisations made 10 or more people redundant, 85 per cent had recruitment difficulties and three quarters had problems hanging on to people. The average employee was absent for 8.4 working days at a cost of £601.

LOWER COST PETROL?

Don't know if you have seen this ... but its worth a try, their aim is to save you between 5 and 10p per litre.

Send it on to friends if you're interested. This appears to be a serious attempt to reduce our petrol costs.

<http://www.pipelinecard.org/default.html>

DAN JONES' LATEST EMAIL

This is the year when Toyota will almost certainly overtake General Motors to become number one in the global car industry, eclipsing what was once the largest industrial enterprise in the world. Fifteen years ago we predicted this would happen in *The Machine that Changed the World*. Five years later in *Lean Thinking* we described what it would take to respond to this challenge. A decade later Western car makers have struggled to build on their first wave of lean improvements.

We will also see whether GM and Ford can throw off the shackles of unsustainably high wage rates and huge pension burdens.

The fundamental reason for Toyota's success is a superior lean business model in which senior managers focus on turning every process into a brilliant process rather than making the numbers and keeping the assets busy in their area. And in which every manager and employee takes responsibility for solving problems to further improve these processes. A problem solving, process focus drives the efforts of the whole company.

Toyota's triumph will have a huge demonstration effect on every industry across the world. It will accelerate the growing interest in lean, triggered earlier this year by the endorsement from GE that lean is the way forward for them. The auto industry will continue to be a lean reference model for design, production and the coordination of the upstream supply chain. However I expect we will see other industries becoming role models for lean in the near future.

I am now convinced that the consumer goods industry has reached a tipping point. Production lead times are beginning to be dramatically compressed, rapid replenishment pioneered by Tesco is improving availability at lower cost and new retail formats and home delivery are demonstrating that convenience does not need to cost more. The era of the focused factory, big automated warehouses and mega stores is coming to an end. As more and more products, from pharmaceuticals to electrical goods, are sucked down this pipeline this will transform these industries too. Rapid lean replenishment will become a way of life for all.

I am also convinced that leading capital good producers like Rolls Royce aero engines are beginning to see the significant benefits from selling the use of their equipment rather than making their money on repair and overhaul. "Power by the hour" transforms the way you design and maintain this kind of equipment – leading to win-win gains for producers and users.

The lean revolution is also beginning to transform service delivery systems from call centres to installation and repair operations.

There is a lot we can learn from them about building intelligent feedback loops from customer facing staff and turning every customer interaction into a Kaizen opportunity.

But perhaps the most dramatic lessons will come from applying lean in healthcare. We are beginning to see good examples of how lean can improve the flow of patients through existing hospital processes. This is just the start of a much bigger redesign of complete healthcare systems, combining lean system design with new enabling technologies for diagnosis and treatment. It is here that we will see the fastest progress from process improvement through process redesign to rethinking the whole business model using lean principles.

My hunch is that the discussion at the Frontiers of lean thinking will move sharply towards the customer in 2006. More and more companies will track the frustrations of their customers in accessing and using their products and strive to realise the win-win gains from improving the poor fulfilment of their delivery systems, as we described in Lean Solutions.

A second topic will be how to improve the process for designing new products and the processes to make and deliver them, particularly in the light of lessons from the first round of lean. This includes the whole spectrum from designing complex products with huge teams of engineers to much simpler but smarter ways for smaller firms to introduce new products.

A third topic which lean thinkers are waking up to is what process management really entails, how value stream managers work with functional managers and how to create the problem solving capability in every employee that is bedrock of lean process management. This will be an important topic for research, discussion and experimentation in the lean movement in the year ahead.

MANUFACTURING OUTPUT EASES UPWARDS

Manufacturing News, Source : TheManufacturer.com
Published : 22 Dec 2005 14:47

Manufacturing output increased by 0.3 per

Please send your news views and comments for the next AME newsletter to:-
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cent during the third quarter of the year, according to the Government's latest UK financial health check.

Manufacturing output is now 0.1 per cent higher than in the same period a year ago.

Overall, the quarter's growth was driven by a rise of 0.7 per cent in the service sector.

For manufacturing, the largest output increases were in the transport equipment industries (including cars), the chemicals and man-made fibres industries, and the electrical and optical equipment industries (including computers).

Construction sector output rose by 0.5 per cent in the third quarter.

Exports during the quarter fell by 0.4 per cent, within which exports of goods rose by 0.4 per cent and exports of services fell by two per cent. Imports rose by 1.9 per cent as imports of goods rose by 2.6 per cent and imports of services fell by 0.8 per cent.

7TH ANNUAL SIX SIGMA SUMMIT

The 7th Annual Six Sigma Summit and Excellence Awards – **How to drive your process excellence from deployment to unconscious competence** will be held at The New Connaught Rooms, London. April 24 - 27, 2006 .

As a quality professional, your time is precious. That's why the 7th Annual Six Sigma Summit, the largest ever gathering of European Six Sigma and Quality professionals, is bringing you over 40 individually profiled projects filled with innovative ideas for the next step in your journey.

In just four days you'll can see 6 streams of best practice from across industry, take part in 9 focused workshops and even go on a site visit to see Six Sigma and Lean working right before your very eyes. If you're having difficulty getting the buy-in for your innovative ideas, what better way to go about it than to bring

your team along to this enormously rewarding forum?

Here's a quick snapshot of the agenda:

- * Think outside the box: Utilise continuous improvement to leverage new business opportunities with Norwich Union Life and Kodak Polychrome Graphics
- * Stop talking and start listening: New techniques to achieve a two-way conversation and leverage support from shop floor to boardroom from Bechtel and Dell
- * Keep your wheels turning: Create your own constantly changeable continuous improvement programme structure with true-to-life examples from Bombardier and Alstom
- * Dress to impress with a fitted, tailored toolkit: Achieve true integration with Lean, Scorecards and BPM with North West Wales NHS Trust and Royal & SunAlliance
- * Lead your leaders and train your trainers: Utilise the examples of Siemens and Motorola to reach higher goals with your internal support structure

With Six Sigma booming through your competitors' companies, can you afford not to be at the top of the game with Six Sigma's progression in sales and marketing?

For more details or to register, visit <http://www.sixsigmasummit.com/GB-528/AME>

BENEFITS OF AME MEMBERSHIP

Remind your colleagues of the benefits of being an AME member!

- An opportunity to stay ahead of competition by developing individual and organizational skills at continuous improvement.
- AME's award winning Target magazine containing articles documenting practitioner experiences with implementation ideas everyone can use.

- Member discounts at peer-to-peer exchange and shared-learning opportunities with LEAN PRACTITIONERS at:
 - Hands-on workshops
 - Topical seminars
 - Plant tours
 - AME's conferences
- Access to a wide community of mentors and varied program events to satisfy LEAN CERTIFICATION requirements.
- Web-based resources and e-community participation.
- Opportunity to self-nominate and aspire to receive recognition for your organization in competition for the AME Manufacturing Excellence Award.
- Continuing access to fresh thinking and strong networking with members of leading-edge enterprises.
- Participation in a community passionate about innovation and improvement through the application of LEAN PRINCIPLES. Committed to maintaining stable workforce opportunities and enterprises capable of competing in the global marketplace.

BOOK REVIEW

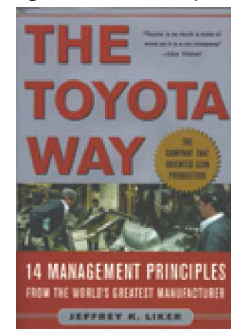
The Toyota Way: 14 Management Principles From the World's Greatest...

Author(s)/Editor(s) Jeffrey Liker
Published By McGraw-Hill Companies
Product Information 350 PP
Published: Nov 21, 2005

Description

Today businesses around the world are attempting to implement Toyota's radical system for speeding up processes, reducing waste, and improving quality. But are they getting beneath the surface of lean tools and techniques to the real foundation of Toyota's success?

"The Toyota Way: 14 Management Principles From the World's Greatest Manufacturer" explains Toyota's unique approach to lean management: the 14 principles that drive Toyota's quality and efficiency-obsessed culture. You'll gain valuable insights that can be applied to any organization and any business process, whether in services or manufacturing. You'll discover how the right combination of long-term philosophy, processes, people, and problem solving can transform your organization into a lean, learning enterprise, the Toyota way.



What can your business learn from Toyota?

How to:

- Double or triple the speed of any business process
- Build quality into workplace systems
- Eliminate the huge costs of hidden waste, and
- Turn every employee into a quality control inspector.