

Our lead article this month is an article by our friend and colleague in Canada, Richard Kunst, and is taken from his weekly Lean Thoughts newsletter. It is if he had written it for the UK! In the AME we are constantly striving to get members to talk to each other and having one, or several consortiums is the ideal way to share and experience improvements.

No Time? or Standing on a Burning Platform? Then ... join or build a Consortium

From Richard Kunst's Lean Directions Newsletter

The one thing each human is granted most days is the gift of 24 hours of time. How you maximize this gift is entirely up to you. Many of us face the daily pressures of attempting to accomplish a wide array of task to make our organizations more competitive and profitable. As I speak and work with organizations the one constant theme heard "I have no resources" or there is not enough time in the day to get everything done that needs to be done. When you offer these same folks proven tools that could help them, you immediately meet with resistance that their specific organization is unique and the application of that specific tool will not work for them. So the pain continues for those folks.

Now let us look at a bunch of different folks who have minimal pride and are willing to "steal with pride". These are typically folks that are members of a Consortium. They have it figured out that running an Enterprise is a series of processes no matter whether you are making furniture or meat pies. But consortiums can provide you with much more ... Many years ago when I started my first consortium we realized that our organization would only be as competitive as our least competitive supplier.

Being in the middle of a recession, we also realized we did not have the resources to manage each of suppliers independently. So we decided to break a paradigm by bringing all of key suppliers together with a common focus on manufacturing excellence and how could we leverage from each other. The suppliers were a diverse group, large, small, batch oriented, process bound ... but all were attempting to survive. The initial ground rule within the group was we could speak about anything but pricing. As we conducted a diagnostic we were able to identify group and individual projects this

started to create a safe harbour environment with a no blame climate.

Eventually this model was documented in a paper by the Sloan School of business ... so if you want to understand the model more read the paper here Sloan Management Review. It was published in the summer of 1998, Volume 30, Number 4. So how do you go about developing and designing your consortium? The most competitive enterprise in the future will be the one with the best infrastructure to compete with other infrastructures ... a good example is a comparison of Toyota vs. GM ... a good friend of mine who works in a Tier 1 level to Toyota did not even know he had a problem with Toyota until 16 Toyota engineers showed up in his lobby prepared to help solve the problem vs. GM that likes to place you on positive containment at a cost of 10's of thousands of dollars per day while you struggle to find and fix your problem.

So start your consortium by looking at your supply chain, and bringing your key suppliers together with a common focus on improving your entire supply chain competitive infrastructure. It does not matter how diverse the group is, since some standard tools in one industry sector could give you a competitive edge within your sector. Your suppliers will already come committed since your success is dependent on their own internal success. Better yet, if you envy the business model of another organization, knock on their door ask them if they would like to play with you ... chances are excellent organizations are proud to share their expertise with others and will share shamelessly.

The power of the consortium is all about employee engagement ... and I mean all employees. So you need to design your consortium model to encompass 3 levels of engagement within your organization and your members:

1) The Director level ... this should be a high level manager that is able to establish policies and have the ability to make decisions on behalf of the

Organisation. These are the folks that will bring the vision, mission and direction to your group.

Typically the directors only meet a few times per year to review accomplishments and reset direction based on pressing business conditions.

2) The Practitioner Level, these are the internal champions that are your change agents. They normally meet more frequently and since each change agent could have a potential core competency or passion allow them to become the consortium SME (subject matter expert) and allow them to share their time with other consortium members in the role of training or facilitation.

3) Finally the Foot Soldiers, your team members that need to adopt the changes and modify the behaviour that will enhance the competitive nature of your enterprise. An excellent tool of getting these folks emotionally engaged is by having benchmarking tools at your fellow consortium members. The key for the tours is that you select a standard day and tour format for all to follow so it does not become an event but rather an opportunity for sharing.

So where is the benefit? First the benchmarking tools allow your folks to see that your enterprise is not the only organization managing change to become more competitive. It instils pride within team members to make sure your facility is constantly "tour ready", it also creates a level of empowerment to employees to make change work within your organization. Remember it is all about sharing. Speed ... you do not have the time to develop all of the tools you need to get and remain competitive so by sharing you can implement more and faster which should allow you to accelerate past your competitors. Comfort and reassurance by having a close circle of friends that are in the same pursuit as you. I am always amazed with the internal bickering of multi-site organizations attempting to out-do each other vs. the consortium where the look and feel between these diverse organizations has a consistency of purpose.

It is also cool to be able to pick up the phone and have a quick dialogue of reassurance about a tool you are implementing. Employee recognition and acknowledgement ... my favourite day of the year

is when we host Consortium Share Showcase. On this very special day we acknowledge our team members that toil every day at our machines and work centres by having them showcase their implemented idea in a science fair format.

Treating them like adults I am constantly amazed and impressed with the ideas developed and their ability to showcase them to others. It is amazing just how much they truly do know about our business and how committed they are to the success of the business. There are several models of consortiums appearing around the world. Many of them have a fee associated to membership to subsidize the facilitation and coordination efforts of the consortium. This is not always necessary, especially if you start your consortium from within your supply base, but you may need some initial start-up assistance. (which means call me!)

Creating and building your consortium is fun and easy ... chances are if you are working on a process improvement activity with one company it will work for several others within your supply roster. Remember how robust and competitive you build your infrastructure is equal to the amount of distance you can create between you and your nearest competitor's infrastructure. Speed is normally the currency of competitiveness in North American Enterprises and Low Cost Country competitors are still faced with several weeks of logistics to provide products and services. Now just imagine applying Consortium model practices to the revenue side of your business and just how competitive you could become. Imagine the possibilities and it's free !

Ten Tips for Top Managers

based on article by Jo Causon published in IET Newsletter who is Director, marketing and corporate affairs at the Chartered Management Institute

1. Communication: effective, two-way communication systems are the lifeblood of an organisation and should be a top priority for managers.

2. Think strategically: decision-making should be based on the organisation's overall aims and objectives.
3. Be creative: in times of change the need for innovation is high. You and your team should be ready to adapt to diverse situations quickly.
4. Inspire the team: managing your own time and workload effectively will provide an example of best practice to your team.
5. Show trust and confidence: research shows that individuals are motivated by managers who delegate effectively and do not micro-manage.
6. Say thank you: make sure your team know when they have exceeded your expectations or achieved good results.
7. Provide a clear sense of direction: your agenda for what the team need to achieve should be clear and well-communicated.
8. Be accessible: managers who are locked in an ivory tower and are out of touch with how their staff feel will find it difficult to get the best from their team.
9. Be honest and open: research shows that individuals respond better to managers who deliver relevant information in a straightforward and honest manner.
10. Get involved: showing you are willing to contribute where possible will break down barriers at all levels and help individuals realise their value to the wider success of the organisation.

Record Factory Gate Inflation

Source : TheManufacturer.com Published : 12 Nov 2007 11:14



The highest levels of factory gate inflation in almost 12 years have emerged for October.

The Office for National Statistics (ONS) has reported an output price rise of 0.6 per cent for the month (non-seasonally adjusted), with annual rate increasing to 3.8 per cent. This is the highest level seen since December 1995.

Raw material costs saw a significant increase of 1.8 per cent during October, with the fastest annual increase since July 2006 – up to 8.5 per cent.

The main factors involved in these inflationary changes were food and energy. Crude oil prices rose 32.1 per cent on the year and imported food costs were at their highest in 11 years. Where output was concerned, fuel duty increases were responsible for adding 0.2 per cent to the overall output price index, and high dairy and wheat costs caused food prices to soar at their fastest pace since August 1993.

“The Bank of England is worried about inflationary pressures and this sort of data will perhaps give them reason to pause before cutting rates in the new year,” said George Buckley, a Deutsche Bank economist.

Programme of Events for 2008

A new programme of events is currently being planned for 2008. In March we are planning our annual conference with some impressive speakers. Details will be confirmed soon.

We are also planning two major events in May and September which will be facilitated by two different manufacturing organisations – again more details soon.

The AME Master Class taking shape – we will have some details in the next edition

A Guide to Lean Presenting

By Colin Mynott

I imagine we've all experienced (or suffered) good and bad presentations. And how many of us have been asked to present, whether to colleagues or a gathering, and have wondered after the event how it could have gone better or, maybe if good, how it could have been excellent? And what should we have done to prepare for the ordeal? Done well, it takes a lot of thought and planning.

Well, you're not alone – we've all been there and done it, in my case for several decades. In the end I researched the subject in some depth, and in the process, brought together a lot of scattered information to try to correct where I was going wrong. So maybe a summary of Mynott's collected wisdom on presentations might be of interest ...

The presentation content

First, no doubt you're so knowledgeable that you can't possibly compress what you have to say into the unreasonably short time slot you've been allocated. Well forget it – if you can't get the major points across and explain them clearly in 30 minutes, you'll lose the audience. That is, unless you're a born orator with an absolutely riveting subject (Hitler scored so well here that he didn't even need slides!).

So how many major points should you get across? Surprisingly, the answer is that if you try to get more than three or four main ones across (yes, as few as that), your audience will switch off. You need to observe the audience and recognise this while you're presenting so you can see what interests them. Look for delegates who daydream, gaze around the room, doodle, read, or even doze. If you lose their attention, they won't learn the exquisite lessons you've taken so much time and trouble to prepare.

Forget all those gimmick-ridden PowerPoint special slide effects with clever transitions, flying letters, animation and graphics. To start with, just put up the three or four main points – that's enough.

And if you can't analyse your content into three or four main points, try again. Keep it simple, stupid (remember KISS).

So first, you can tell your audience that you're going to give them the three (or four) key learning points, and here they are. You'll get their attention, and some may even breathe a sigh of relief. First because you've told them they're learning points so they must be important and they will see how to apply them. And second because you've implied that the subject is simple enough to understand with only three or four main points. So now you've won their attention. This works well if previous presenters have vaporised their brains with an information bombardment. They'll think "thank heavens. At last I shall be able to understand this speaker!"

Then expand each major point in turn, each with only three or four sub-points. Don't overburden each slide. Four or five lines per slide are as much as they'll take in.

You don't always have to use words to illustrate a sub-point: a picture might be better. Or if you can illustrate a complex point by (seamlessly!) inserting a good 30 to 60-second video clip, that will help to keep their attention. But it has to be super-interesting, relevant and concise – and no messing around or fumbling to find it – integrate it as an object on one of your slides, run automatically. Not somewhere else on the computer where you have to display your technical virtuosity (or more usually incompetence) fumbling around trying to find it while you lose your credibility and your audience's attention.

And don't exhaust your audience with too many slides; one every two or three minutes is more than enough. You can talk a lot to one good slide. The best presentations I've seen have used very few slides indeed, maybe only six for a half-hour talk.

And to conclude, tell them you've explained the major points, and here they are again. Briefly tell them why each one is important for success and leave it at that. Don't spoil it by waffling. Ask for questions. If you get only one, you'll be ahead of other speakers who got none at all because the

audience was too dazed to understand what to ask. So don't be discouraged by a small response; you'll have made your point.

The slides

As for the slides and how you deliver them; there are a few interesting rules.

First, the script on your slides must be as legible as possible because that determines how long it takes the audience to read, absorb and understand. Typefaces differ widely in their degree of legibility. What is legible on your PC may not be so legible on the screen. If you reverse the script out of a coloured background, use a sans-serif font because with a serifed script, all you'll see is the serifs.

Most PCs have Arial which will do. Antique Olive or Gill Sans are clearer if you have either. This applies if it's a strong colour. If it's a pale colour or white, use a serifed or roman script because it's the most legible. But don't use Times New Roman because it's compressed and truncated, designed for narrow newspaper columns. Instead, use Garamond or better, Palatino, Bookman Old Style or Caslon – rounder, better spaced letters.

Avoid the multi-coloured or patterned background templates that PowerPoint provides. Your presentation is not supposed to be a (rather naff) design display – it distracts from your message. As for text colour, best is black; or white if reversed from a coloured ground. Make sure there's 80% contrast between script and background (you'll have to guess – black on white is 100%). Less and it will be hard to read. On a white ground, you might use a strong colour to emphasise a line. But be careful about being too psychedelic. And remember that some of your male audience will be red/green colour-blind and will see these colours as shades of grey.

Having carefully designed it, if you run your presentation from the organiser's computer, make sure it has your font loaded. If it doesn't, your entire presentation will default to Times New Roman and Arial. This will destroy the layout, line spacing and appearance you've spent so much time achieving. To get around this you may be able to save your slides with your font embedded. But to be safe, you could confine it to Arial or

Garamond – nearly every PC has these fonts as standard.

Second, don't put it all in upper case because it's less legible than upper and lower case. And don't start every word with a capital letter: it demonstrates a degree of illiteracy, looks stupid, and doesn't give any more emphasis. If you want to emphasise a word, use bold. But don't put everything in bold, because en masse it's less legible.

And preferably avoid special effects with words flying onto the screen from all directions – fine to amuse 12-year olds but not for a mature audience who are there to learn your message.

Third, how large should the script be? To find out whether your slides will be legible, print out the thumbnails (delegate hand-outs), six or (better) nine to an A4. If you can't read the thumbnails, your audience won't be able to read your slides.

And finally, when you're presenting, whatever else you do, don't read your slides. The audience will have read the lot before you've even finished speaking the first line. After that their minds will wander elsewhere while you read the following lines – fatal. Even worse is reading the whole presentation from a script.

Use the slides' bullet points as *aide-memoires* and explain them ad-lib. Talk about (expand) what's on each slide, but with different words; people can absorb a written message and a different spoken one. You can use that to advantage.

Timing is vital. Aim at a certain time for each slide. Use your watch on the rostrum to make sure you don't over-run or you'll end up vastly over-running your time slot. That is a good way to annoy your audience (and the chairman). The worst scenario is, five minutes from the end of your slot, to realise you're way behind and rush or skip through the last slides –thereby ruining your carefully planned presentation. Time each slide and stick to it.

Make best use of your time by learning not to use time consuming (and annoying) fill-in words and phrases such as "er", "like", "you know", "I mean", "you know what I mean", "like you know" and so on. Better to speak at a more measured, slower pace. And avoid speaking so fast because you've

discovered you've planned to say too much in the time. Your audience won't absorb it.

Finally, delivery: look at and talk to the audience – make eye contact around the room. Never look at the screen beside or behind you. Talking to the screen is pathetic and annoying. And if there's a large audience and you have to use a microphone, speak every word into it – don't twist your neck around like a startled owl, or do a St Vitas' dance around the rostrum – a comical demonstration of incompetence. Even if you have a lapel microphone, the same applies.

Conclusion

If you apply these points, you'll have a winner. All you need now is an invitation to speak so you can try it out. So off you go ...

If you'd like to start a discussion on this, Chris McKellen will be pleased to print your comments in the next newsletter!

Boss Design, Greener and leaner

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Source : The Manufacturer Published : November 2007



Corporate social responsibility (CSR) is based on actions, not words; a philosophy that Boss Design is putting into practice every day – with all-round benefits. Virginia Seaward talked to Bernie Sheehan

When it comes to environmental impact, Boss Design believes that businesses need to do more than simply offset their carbon debt. Its own CSR programme is not only improving the lives of some of the world's poorest people, but helping the company become leaner in every aspect, from production to distribution.

"CSR is a big part of our business," explained Virginia Seaward, head of operations. "Recently, we invited suppliers and clients to a seminar to cascade our thoughts and our approach to them. Waste minimisation, carbon neutrality and charity/community commitment all come under the CSR banner. There are currently no ISO standards for CSR, but they will come. Our clients can see we are in front with the programme and that our policies are already in place."

Established in 1983, Boss Design is based in Dudley in the West Midlands. The company manufactures a comprehensive range of office seating and furniture for the high end of the market. Its blue chip corporate clients include a number of financial institutions, such as the RBS Group (for whom it is an Accredited Approved Supplier), international hotel groups including Hilton and Intercontinental, the MoD and British Airways. Boss shares the Dudley site with its sister company, Komac, which supplies contract office seating to wholesale dealers throughout the UK and Ireland. Approximately eight per cent of company output is exported to Europe, the US, India and Dubai – markets which are growing rapidly.

Boss employs 171 people and prides itself on a very low staff turnover. "We have a lot of admiration for all our employees. They work well, have good skills and ensure the quality of our products. We often take young people on as loaders/labourers in the warehouse, and provide them with training to encourage them to apply for other vacancies throughout the business."

Supporting this approach, an apprenticeship programme is being reintroduced during 2008. "The business is expanding, and we're concerned that people are currently looking for jobs that need academic qualifications rather than going into manufacturing, which is very much hands-on," said Seaward. "We don't want the industry and our

business to die out in this area, so Boss is reaching out to young people. We also do schools 'walks and talks' three times a year, inviting schoolchildren aged nine to 16 to be shown around the factory. We then have a short seminar to discuss all the jobs they have seen. The children are also encouraged to design and name a chair. This helps them see that there are jobs available here for them. I want to 'up' our profile in the community, and be more proactive."

One of Boss's core strengths is bespoke tooling, and it recently invested £0.5 million for its 'Sona' swivel chair range. The task chair, which has just won a Furniture Research Association ergonomic excellence award, features a unique J-bar and seat pan for lumbar support. "The components from the tooling investment are unique to us, they're not an off-the-shelf product that other manufacturers can buy," said Seaward.

The production process is very labour-intensive and, as the business grows, space has become an issue. "We've already cherry-picked lean techniques such as kanban and waste minimisation. For example, we found that a lot of time was being taken up retrieving parts, so we have now put the required parts at hand." In upholstery, jobs have been created for young people to take over the less skilled tasks, making more effective use of the upholsterers' skills. Output of manufactured units has increased, while lead times have been reduced and stabilised – now five weeks for Boss, and two weeks for Komac.

Driving these improvements highlights Boss Design's commitment to CSR. The company has recently been accredited to FISP (Furniture Industry Sustainability Programme), and its robust environmental policy is embraced by all staff. "Twelve months ago, 22 people from across the company got together. We asked, how do we envisage Boss and Komac being perceived 12 months from now? All kinds of suggestions were offered about how we could change it, which have really helped us to improve the business."

In May, Boss and Komac became carbon neutral, following a year working with the Carbon Neutral Company and the Edinburgh Centre for Carbon Management in reducing all carbon emissions associated with the businesses. "We measured

everything – air miles, taxi miles, the amount of waste that went into skips etc. The results showed that a lot of air miles were being used for short meetings, so we invested in videoconferencing. We now have 50 per cent fewer air journeys, which also cuts costs to the business and employee time. The exercise has allowed us to draw up a three-year carbon reduction plan."

No matter how recyclable a chair is, all too often it will end up being thrown away. However, last year Boss Design stopped 130 tonnes of customer waste going to landfill through its unique 'product afterlife' scheme. This reuses and recycles products as part of the Green Standards 'Waste to Wonder' programme. "We've always collected redundant chairs from our clients as part of our service. But previously they went into landfill," said Seaward. "It was an expensive cost to the business, and obviously not good for the environment. So three years ago we decided to work with Green Standards – whose principle is to change the lives of one million children worldwide. They offered good traceability and levels of reporting, which has enabled us to track what has been redistributed to local schools or overseas, and what has been recycled."

On behalf of Boss, Seaward recently accompanied one of Waste to Wonder's 40ft containers to Africa, redistributing furniture to a wildlife centre, an orphanage and a school in Cameroon. "We were proud to be asked – we didn't want to just throw money at it, we involved our employees. They raised the £5,000 sponsorship by, for example, not sending Christmas cards but donating the money instead, selling our ex-demo furniture on Saturday mornings in their own time, and helping to load the container," said Seaward. "Seeing our equipment in situ in the orphanage, where all the rooms had been bare before, was one of the best experiences of my life. We've already started fundraising for another project next year."

Ten Years and Counting

Jim Womack's Newsletter

The Lean Enterprise Institute just celebrated its 10th anniversary with a small, private conference

near our headquarters in Cambridge, MA. Surviving for a decade is no small accomplishment for a start-up organization and I take pride in our achievements:

- 14 published titles with half a million copies sold in 14 languages.
- 24 workshops plus a management seminar.
- 13,000 participants educated in the workshops and seminar.
- A series of memorable Lean Enterprise Summits, Lean Manufacturing Summits, and our current Lean Transformation Summits.
- The Lean Enterprise Partners program where we conduct experiments on the best approach to a lean transformation.
- Our website at www.lean.org where 130,000 Lean Thinkers have joined the Lean Community.
- 69 e-letters from me to the 80,000 individuals signed on to the lean community who have asked for them. (Maybe I'll convince the other 50,000 soon!)
- 13 parallel, affiliate organizations in the Lean Global Network in Brazil, Mexico, Spain, France, the Netherlands, the UK, Denmark, Germany, Poland, Turkey, India, China, and Australia.
- As I review this list, I'm deeply grateful to our staff, suppliers, authors, faculty, global affiliates, and partner organizations. And I'm particularly grateful to all of those who have joined the web-based Lean Community. This has been a team effort from the beginning in which I have done only an infinitesimal part of the work.

However, back at LEI, I constantly note that the achievements listed are only inputs that *might* change organizational practices. The important question is: "What have these inputs created in the way of better organizational performance, the critical output?" This, of course, calls for the "check" step in Dr. Deming's Plan Do Check Act (PDCA) cycle, raising the questions most of us don't enjoy asking. It's so much easier just to plan and do, and then do some more!

Here's my conclusion about what we have accomplished. We have taken a number of steps which were absolutely necessary by:

- Introducing many lean tools, starting with value stream mapping.
- Organizing conferences -- along with web-based forums and webinars -- that have brought together good people struggling alone and created a community of lean practice with enhanced energy.
- Performing useful experiments on lean transformations.

But these steps were not sufficient. In fact, the amount of change in management practice and organizational performance over the past ten years has been modest. There is still only one Toyota. And I worry whether Toyota will continue to be Toyota as its growth rate seemingly outpaces its ability to grow lean managers. (What an irony if Toyota becomes more and more like General Motors even as it surpasses General Motors in sales!)

So what do we at LEI -- and in the whole lean movement -- need to do now? This is the all-important "act" step in the PDCA cycle, the equals sign in the equation.

My conclusion is that we need to describe a new approach to leadership and management that can fully utilize the many lean tools now available. This can be based in part on Toyota practices:

- The Chief Engineer who oversees the horizontal flow of value toward the customer.
- The vertical function manager who asks subordinates questions rather than providing the answers and engages in a problem-defining and problem-solving dialogue using A3 analysis.
- The complete business system emphasizing management by process (of day-to-day and hour-to-hour activities by every one touching a value stream) rather than management by metrics (reported at the end of the month, quarter, or year.)

But it is clear that substantial modifications in Toyota practices will be necessary to convert organizations based on Alfred Sloan's management principles. These were developed at GM in the first half of the 20th century and then refined by General Electric in the second half of the 20th century. Mass-production managers who have been taught that their primary task is to set goals for subordinates and measure the results (in "management by objectives" and "management by metrics") in vertical, functional organizations will need a clear transition path toward management by horizontal processes if they are not to lose their way.

So our core mission in the next phase of LEI's life is to provide a simple and compelling model of "lean management" and "lean leadership" in "lean organizations". We need to describe and test a model and a method that managers can follow with good results no matter what their previous training. And who knows, even Toyota may benefit!

We are now on the job and we will keep you posted on our progress.

Lean Manufacturing: Are You Ready?

LEAN MANUFACTURING", you hear it everywhere, everyday, you can't escape it, but what is it? We all have our ideas, however, if you haven't been formally trained or deeply involved, odds are, you're thinking only of the cost savings side. Think back when ISO became all the rage. The basic understanding was that we would hire a quality engineer, put some standards and checklists in place, and magically, all our problems would be solved. In a short amount of time and with a reasonably small budget; our defects would vanish, our lead times and inventories would shrink, the customers would beat a path to our doors, and our profits would soar. Company after company embraced the concept, and a considerable percentage of those companies soon abandoned it as too costly and time consuming when compared to the immediate financial returns.

You can access the complete article at:

http://www.superfactory.com/articles/Cavalluzzi_0907_ready.htm

What is Lean?

Dan Jones' Newsletter

I am always surprised how many times top managers ask me "So what is Lean?" This is depressing when they come from automotive or manufacturing firms whose operations folks have been struggling with Lean for a decade or more without their help or understanding. On the other hand it is encouraging when they come from healthcare or service organisations hungry to make progress and ready to lead from the top.

For me Lean is actually about a new business model that delivers far superior performance for customers, employees, shareholders and society at large. Initially this superior performance is delivering exactly what customers want without any problems, delays, hassles, errors and fire-fighting. Very quickly it is also freeing up the capacity to deliver a third more value from existing resources with few additional costs.

But really it is about learning how to reconfigure these assets and relationships with supply chain partners to make a step change in creating additional value for customers. Being able for instance to organise the diagnosis and treatment of a non-urgent medical condition in a matter of hours when everyone else takes several months. Or being able to compress the typical supply chain from raw materials to end consumer from 11 months to 30 days, while hitting every delivery on time and in full.

Over the next decade I have no doubt that this lean business model will replace the prevailing business model originally developed by Alfred Sloan at General Motors, analysed and described in many books by Peter Drucker and later refined by Jack Welch at GE. The power of lean is the growing recognition by leading organisations in all kinds of sectors that Toyota, the lean pioneer, is the reference model for our age. Quite rightly

their common aspiration is to become the Toyota of their industry .

This is given added urgency as corporations well down their own path to lean demonstrate their ability to fundamentally redefine the nature of competition in their industry, as their competitors struggle to keep up . Just look at the big strategic rethink going on at Wal-Mart even before Tesco opens its first Fresh and Easy store in the US market, and the growing success of the acquisition and turnaround strategy of early lean pioneer Danaher .

The fundamental insight behind lean is seeing that customer value is created by the actions of lots of different people across many departments and organisations. Linking these together into a seamless end-to-end process or value stream for each product family reveals literally hundreds of opportunities for streamlining the flow, eliminating non value creating steps and aligning the rate of flow with customer demand. This is lean in operations that most people are familiar with.

But it applies throughout the organisation, not just on the shop floor. All the support activities in the office can be redesigned using the same principles and tools. Indeed we need to learn to see our organisations as a collection of horizontal processes or value streams as well as the more familiar vertical organisation of functions and departments. Vertical functions are the right way to organise knowledge but value is created by horizontal value streams.

This focus on processes requires a very different form of lean management. Someone needs to turn these separately managed activities into end-to-end value streams and to manage the process of improving them over time, maybe through several product generations.

Instead of managing using the rear view mirror of last month's results lean managers frequently go and observe the current progress at every point in their value streams in order to help employees meet the current plan for the hour or the day and to plan further improvements . It is also their responsibility to lease with the relevant functions for the resources to do so, within a policy management process that aligns all these activities

with the needs of the organisation and its customers.

The growing interdependence of each step in every value stream will reveal all the underlying problems and the challenges from a changing marketplace. To solve the root causes means problems must be visible and not hidden. The true power of a lean organisation is when every employee can take the initiative to solve problems and improve their job, in a way that provides value for customers and prosperity for organisation.

A Chaotic Department on its Knees

Daily Telegraph 22nd November 2007

Following the debacle regarding the 25 million 'lost' child benefit records, which contained bank account details, the telegraph printed some staff emails from 'a chaotic department on its knees'.

"I'm not surprised by this. The child benefit fiasco is just the tip of the iceberg as far as this department is concerned. The new IT infrastructure and new administration procedures are not up to the job. 'Lean Processing' has gutted the organisation, taking people away from key areas. Morale is no-existent. Mistakes happen continuously"

Flexible Approaches to Implementing Lean Manufacturing

Manitoba Consortium of Manufacturing Excellence – Don Breakey

Running your company as efficiently as possible has become critical in recent years and even more urgent during the struggles of today's economy. Some alternative approaches are beginning to help companies implement Lean Manufacturing improvements quickly, inexpensively, and without overburdening staff resources. This article will briefly describe **four new approaches being pioneered in an effort to make Lean implementation available to all companies regardless of their financial situation or personnel**

constraints.

No matter what approach you take to becoming Lean, allow yourself and your staff to enjoy the process. Few events in manufacturing are as exciting or dramatic as radically improving your workplace and the camaraderie of good people eagerly engaged in making the company better and stronger for everyone. Focus any of the programs described below on your company's "Constraints" and you will increase throughput and profits while substantially reducing waste.

Lean On the Run.

Perhaps one of the most innovative approaches to implementing Lean quickly and with minimal downtime, Lean On the Run uses the experience and talents of a Lean Consultant/Facilitator, and an assistant, with occasional help from the "team" or staff assigned to the area being improved. In practical terms, an important area of business functioning is selected for rapid improvement to achieve defined goals and objectives.

The "team" participates in a brief but convincing training session and demonstration of Lean principles, after which they are released to the shop floor to begin work as usual. The facilitator and assistant then get very busy progressing through a discovery process examining the target area and every aspect of its functioning.

The pair carefully observes, learns the process, and solicits input from the operators/staff to acquire needed data. You might say the facilitator and assistant function something like a computer's "CPU" gathering data, processing it, and then providing output for decision making.

Periodically, the team is "huddled" together to discuss observations, try out new methods, and make operational/functional decisions. When a clear vision of improvements needed is agreed upon by the team and management, a plan is developed to implement the improvements at the earliest opportunity. Normally, full implementation will require an 8-10 hr. commitment spread over a week's time, for 6-10 people. This is less than 20% of the usual time needed for standard "Kaizen Events" or "Blitzes."

Downtime is kept to a minimum by making major changes during off-shifts, temporarily building additional inventory to offset any interruptions, and other effective strategies. This approach works particularly well when companies have reduced staff or are simply too busy to slow or shut down production for extended periods.

OJT Lean.

Most states now have funds available to help companies upgrade the skills of their workforce through "Custom Fit" and OJT (On The Job Training) programs.

These funds are typically used to "invest" in local companies for the collateral benefits gained for local and state economic development. The focus is less "team" based and more dependent on the trainer/trainee(s) relationship and their engagement in applying improvement activities throughout the company.

Implementing Lean Manufacturing techniques throughout the company while transferring "Lean Expertise" to the in-house "Improvement Manager" trainee(s) is the goal of this program. Hours of instruction are conducted in a primarily hands-on fashion as the Lean expert teaches, coaches, and collaboratively implements various aspects of Lean Manufacturing throughout the company. Trainees are given improvement assignments and are mentored through this process in an intensive four to six month undertaking that makes Lean experts out of existing staff. This approach eliminates the need for increasing head-count, implements the majority of the "big bang" Lean techniques, and insures deep level understanding and capabilities of the trainee(s). After the training period, the expert level "Improvement Manager(s)" guide the company through new improvement initiatives as needed without further outside support.

Lean Right Now.

This is a typical "Kaizen Event" or "Improvement Blitz" approach with a few twists. The "Lean Right Now" approach exemplifies engaging in the implementation of real improvements with a diverse team made up of committed individuals

from throughout the company to affect significant change very quickly.

Emphasis is placed on strategic, tactical employment of Lean tools that increase throughput and reduce waste almost immediately. "Analysis Paralysis," or overanalyzing issues to the point that nothing actually gets done is avoided by using this methodology.

Typically, this approach will require the full-time efforts of 6-10 people for five days to achieve full implementation in a single area of concern. When creatively engaged and empowered, "Blitz Teams" routinely achieve incredible results using this approach. It is among the more costly programs with regards to committed staff resources, but typically results in some of the largest improvements and greatest team buy-in. Team buy-in, commitment, and empowerment ensure long-term effective improvement activities. If you have the ability to commit 6-10 people to this process for a week it is among the most powerful approaches to implementing Lean available.

Walkabout Lean

From the "land down under" the term "walkabout" refers to someone taking a long walk, exploring, taking a look around, etc. That's the beginning of this approach to implementing Lean. A Lean expert carefully looks over the production facility along with a very knowledgeable in-house plant expert, noting where urgent attention is most needed. Improvement opportunities are prioritized to the company's critical success factors and plans are laid to systematically address the improvements promising the greatest impact sequentially.

Operators are observed and asked for regular input and occasionally some help, but are mostly left to their jobs.

Using available personnel from focus areas and throughout the company, major improvements are accomplished in a very flexible and fluid process. This technique is most useful when staffing is tight, or production is unable to slowdown during the improvement process. A skilled facilitator can make this a "team process" by carefully listening to and incorporating input from area operators.

Generally, however, this approach will not initially increase the "team buy-in" that other approaches foster. On a serious budget of time or staff this approach can deliver fast and powerful results with little disruption. Don't let the quirky name for this approach fool you, when you turn an improvement expert loose in your plant exciting and important changes will not be far behind.

Using these streamlined approaches to becoming Lean very quickly and inexpensively will help companies become stronger and more profitable with unprecedented speed over more conventional implementation programs. To be very realistic, dramatic improvements are exciting, but creating a culture that embraces and sustains Lean processes as well as implementing Lean throughout an entire company is a long-term endeavour. It should also be noted that becoming Lean is only part of the equation.

Developing your staff with cross-training opportunities and validating their input on company issues, etc., will yield benefits such as innovation and loyalty for years to come.

Furthermore, don't forget to have fun with your transition to Lean Manufacturing. Sure, some of the obstacles will be formidable, but the improvement process is generally very exciting and rewarding for all involved.

Thinking Back from the Customer

Dan Jones

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 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.

And Finally

Please take a few minutes to let us have some of you business improvement experiences or comments. Help us all and share your experiences!

Although there are still four weeks to go, we would like to wish you all a very Happy Christmas and a successful New Year

