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LEAN THOUGHTS

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BUILDING AN ANT COLONY

Written by Gary Kerr

The following article was written by our good friend Gary Kerr. Gary resides in Australia where he was the Director of Operations for ADI before deciding to follow his passion of helping companies adopt best practices as a Lean Coach and Consultant.

How is it that ants are so successful? Is it their tremendous strength, natural instinct, superior survivability, or is there another answer? The reason is probably pretty obvious. **The collaboration and cooperation of the many insignificant parts working as a single unity with every coordinated action of every individual working for the success and proliferation of the colony.** What would your organization look like if it behaved like an ant colony? If you work for Toyota you probably already know the answer to this question. Many companies fail to gain any traction with change because they are unable to create an alignment of vision, strategy, belief, and activity at all levels within the organization. People throughout the organization unwittingly work against the interest of the colony because of a range of different pressures, systems and policies. Bad systems beat good people every day and the best companies have the best systems and this helps to grow the best people.

If we are to prosper we must coordinate the hearts, minds and actions of all our people.

I offer this simple model for creating organizational alignment. The Japanese call this way of managing and coordinating "Hoshin Kanri"

Lewis Carroll wrote "if you don't know where you are going, any road will take you there".

We need to ensure that everyone in the organization knows where we are going and knows the road we are on together. It starts with our vision for excellence.

VISION: Your vision **is not** one of those single sentence motherhood statements "**We will be envied by our Competitors and valued by our Customers for our Quality, Service, Blah, Blah, Blah**" We have all seen those **mean nothing, say nothing change nothing** vision statements hanging in the foyer of countless corporate offices. To me they all look the same and could have all been taken from the same book of corporate vision statements.

Now close your eyes and imagine how good your company's future could look on as many different levels possible. Imagine your people all enthusiastically participating in problem solving and daily improvement activities. Imagine customer information being processed to completion immediately it arrives and production commencing immediately after that. Imagine the alignment of your Value Streams through your customer's organization, through yours and through your suppliers'. Imagine components flowing from one manufacturing process immediately to the next with no waiting in piles of WIP. Imagine raw materials flowing in just in time in response to visual signals from your shop floor. Imagine organizational unity of purpose where the Sales team are recognized and incentives not by the big "killer order" but by keeping order intake to a 5% span around the monthly mean. Imagine your accounting and measurement systems all in tune with, and supporting this lean enterprise. **This is your vision. This is your true North.**

This Vision is where your company is going. It must be an attractive destination that your people find intellectually and emotionally acceptable. Conflicts on either of these levels will ensure that commitment will not be possible. Above all, employees must find it an attainable and desirable future. The Vision must be formulated by the Executive and agreed at the highest levels within the company —commitment is vital. This Vision must be an easily and frequently articulated description of the future state. The frequent, free and passionate sharing of the Vision is a major role of leadership. The leader must make it clear that the future is not somewhere we are going; it's somewhere we are all making.

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Where "Lean Thoughts" Become Reality

STRATEGY: If the Vision is your destination, the Strategy is your travel plan, which describes the company's journey towards its Vision. It must be well articulated, written, understood by all employees and discussed regularly by Management. It must connect the present to the future (Vision) in a clear and obvious way. The execution of your strategy is supported by the shared Values of the organization and I have written previously on this subject. These values describe how we expect to behave on the journey. Our strategy must address such questions as:

Are our people ready?

Where are the knowledge gaps?

Is our structure appropriate?

Are our measurement systems supportive?

PRIMARY METRICS: Around 6 to 10 Key primary metrics are selected that measure our achievement of key strategic elements. The company executive group is held responsible for achieving the annual strategic objectives and these might typically be:

- ◆ **Increase Inventory turns by 50%**
- ◆ **Improve in-full, on-time delivery to 98%**
- ◆ **Reduce order to delivery average to 2 days**
- ◆ **Improve external quality to 15 parts per million**
- ◆ **Employee involvement increased 100%**
- ◆ **Profitability – EBIT target**
- ◆ **Etc**

The primary metrics are reported and reviewed monthly on a one page "Traffic Light" report describing how your company is progressing its strategy to achieve its vision. It takes the key indicators of success and assigns a colour, **Red** for behind target, **Yellow** for alert, and **Green** for on-plan.

OPERATING PLANS: Each business unit should have an improvement plan for the current year, which advances the organization's strategic journey towards its vision. These plans should enable the achievement of the primary metrics selected by the company executive. Each member of the business unit team should participate in, and understand the plan. These plans should be specific and measurable against agreed milestones. They will take each strategic element and create a plan to achieve the annual target through the deployment of specific Lean tools and programs. Under the strategic element of "Increased Inventory Turns" we might typically create a tactical plan such as:

- ◆ **Complete A, B, C (Runners, Repeaters, Strangers) analysis of products**
- ◆ **Value Stream Map all 'A' items**
- ◆ **Create work Cells**
- ◆ **Halve Set-up Time**
- ◆ **Halve Batch Sizes**

SECONDARY METRICS: These milestones must be able to answer the question "where are we now?" This is a one to two page traffic light report with the main tactical elements of the improvement program. These metrics are reviewed monthly.

There must be tactical operating plans for the achievement of all the strategic elements.

The Second Level report must be able to show how we are tracking **year-to-date** in the achievement of this tactical plan for each element.

WORK TEAM OBJECTIVES: Each work team must have targets for the achievement of the tactical items under their control. These would typically be things such as production to plan, first time quality, employee hours per part, average number of set-ups, average set-up times, number of continuous improvement ideas implemented etc.

VISUAL MANAGEMENT: It is important that the people in the work teams track these metrics and reviewed each day in their start-of-shift toolbox meeting. Site Leadership has a vital role in taking a genuine and active interest in these metrics. This is how we show our people what is important. Some of the cell level metrics might be:

- ◆ **Day-by-the-hour production**
- ◆ **Average set-up time**
- ◆ **Actual Vs Plan run times**
- ◆ **First time through quality**
- ◆ **Abnormality reporting**
- ◆ **Number of Kaizens this month**

The work teams record their performance with a white-board marker to ensure that they know whether they won or lost the game today. This gives the site Leadership the opportunity to show appreciation for the effort made and offer help where required.

REWARD, RECOGNITION and REDIRECTION: (aka - Leadership)

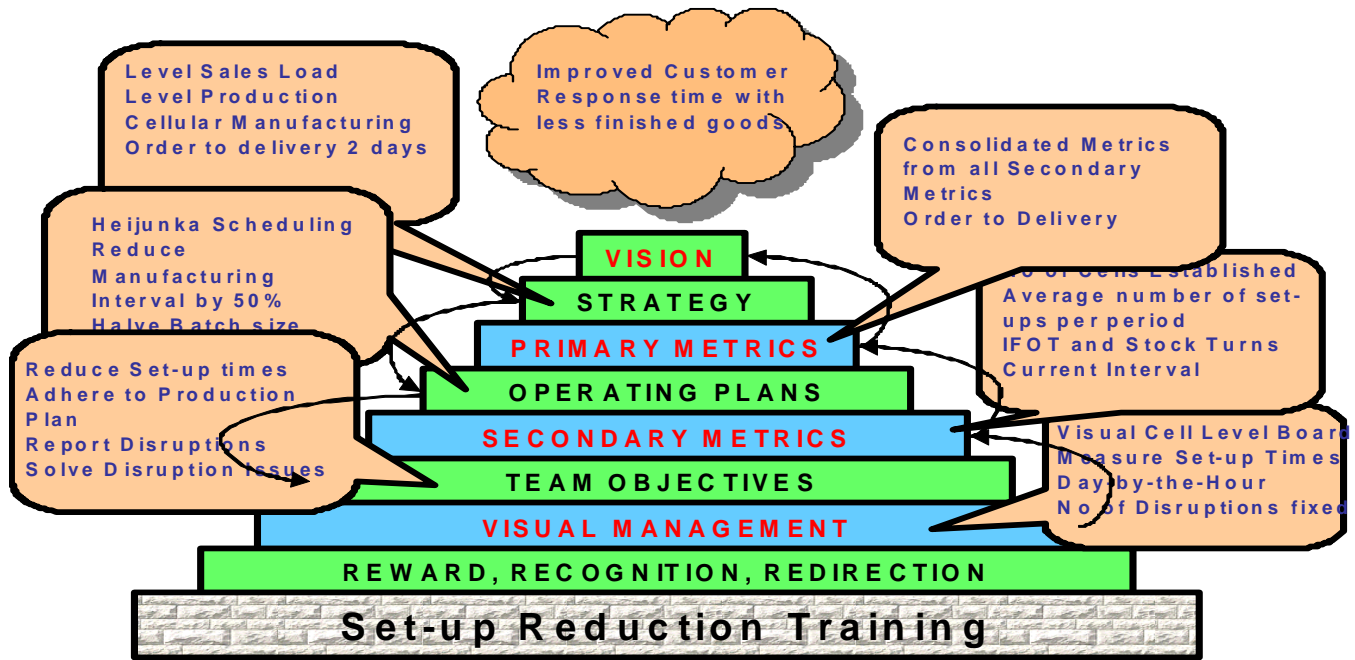
RR&R must be soon, certain and significant if behavioural change is to result. Material reward (movie tickets etc) should be mainly team based and monthly in most cases whereas recognition and redirection should be immediate. It is a basic human need to be appreciated and much of our human motivation in a work context comes from the fulfillment of this need. In an Adult-to-Adult relationship people will accept Redirection as the flip side to the same coin as Recognition. The development of this Adult-to-Adult relationship is vital in a world-class organization and many "ordinary" company relationships look more like "Day-care for Adults".

PERSONNEL SKILLS DEVELOPMENT PLAN:

Training is delivered in a "Just-in-time" basis to give the people the necessary skills to implement the plan. The model below demonstrates how Set-up Reduction training relates to the Vision element of "Improved Customer Response with Less Finished Goods".

SUMMARY: Building an Ant Colony takes time, patience and planning but the results of aligned thinking and action are worth the effort.





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Cultural Attributes of a Successful Innovative Company

1. **Honesty** - The degree to which each employee has total confidence in the integrity, ability, good character of others, and the organization, regardless of role.
2. **Alignment** - The degree to which the interests and actions of each employee support the clearly stated and communicated key goals of the organization.
3. **Risk** - The degree to which the organization, employees, and managers take risks.
4. **Teams** - The degree to which team performance is emphasized over individual performance.
5. **Empowerment** - The degree to which each employee feels empowered by managers and the organization.
6. **Freedom** - The degree to which self-initiated and unofficial activities are tolerated and approved throughout the organization.
7. **Support** - The degree to which new ideas are welcomed from all sources and responded to promptly and appropriately.
8. **Engagement** - The degree to which all levels of the organization are engaged with the customer and the operations of the organization.
9. **Stimuli** - The degree to which it is understood that unrelated knowledge can impact product, service, and operations improvements.
10. **Communication** - The degree to which there is both planned and random interaction between functions and divisions at all levels of the organization.

Source: Jack M. Kaplan and Anthony C. Warren Patterns of Entrepreneurship, SBANC e-newsletter, sbanc@uca.edu

Consortium Event Schedule



Tour Workshop Conference

January	February	March	April	May	June
<p>T</p> <p>Wednesday 25 <u>Eaton Electrical</u>, contact Joe Fisher, JoeRFisher@eaton.com</p>	<p>T</p> <p>Wednesday 15, <u>CFN Precision</u>, contact Barry Wood, bwood@cfn-inc.com</p> <p>W</p> <p>Date & location TBA Your own "STEP Diagnostic" to create Vision, Mission and Direction Contact Richard Kunst Richard.kunst@la-z-boy.com</p>	<p>T</p> <p>Wednesday 22, <u>Nestle Waters</u>, contact Mariela Castano mcastano@perriergroup.com</p>	<p>T</p> <p>Wednesday 19, <u>CTS Corp.</u>, contact Bob Garces, Bob.Garces@ac.ctscorp.com</p> <p>Consortium Shareshowcase Saturday 29 <u>Kraft Oakville</u>. Contact Cindy Grolleman cindy.grolleman@stackpole.com</p>	<p>T</p> <p>Wednesday 17, <u>Stackpole CSD</u>, contact Don Barber Don.Barber@stackpole.ca</p> <p>W</p> <p>Date & location TBA "Compartmentalize the Noise" * Daily Report-outs * Standard work for Leaders Contact Richard Kunst Richard.kunst@la-z-boy.com</p>	<p>T</p> <p>Wednesday 21, <u>Morrison LaMothe</u>, contact Tony Vita tvita@morrisonlamthe.com</p> <p>C</p> <p>AME Regional Conference Mon 12 to Thurs 15 K-W Ontario Contact www.ame.org</p>
July	August	September	October	November	December
	<p>W</p> <p>Date & location TBA "Establish Anchors" * VSWI ... Visual Work Instructions * TPM ... Total Productive Maintenance Contact Richard Kunst Richard.kunst@la-z-boy.com</p>	<p>T</p> <p>Wednesday 20, <u>Kraft Foods</u>, contact Hanif Jivraj hjivraj@Kraft.com</p>	<p>T</p> <p>Wednesday 11, <u>Stackpole PMC</u>, contact Cindy Grolleman cindy.grolleman@stackpole.com</p> <p>C</p> <p>AME National Conference Mon 16 to Friday 20 Dallas, Texas Contact www.ame.org</p>	<p>T</p> <p>Wednesday 15, <u>Messier-Dowty</u>, contact Richard Evans Richard.Evans@Messier-dowty.on.ca</p> <p>W</p> <p>Date & location TBA Your own "Get Organized" * 5S+1 Contact Richard Kunst Richard.kunst@la-z-boy.com</p>	