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LEAN THOUGHTS

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Dan Jones views on

The Value Stream Organization

Returning from the summer break is the right time to take a fresh look at your lean initiatives. Are they being led by the right people and are they realising the true potential of lean in your organisation, and up and down your value streams? There is still a lot of confusion about what value stream management really involves.

Most organisations have recognised that implementing lean on the shop floor or in a department like finance is the responsibility of the line management in that department. They need support from a lean promotion office, but must do the hard work themselves for it to stick, because it involves changing the thinking about how employees work together as much as moving things around.

But end-to-end value streams almost always cross several departments and several organisations on their way to the end customer. Yet it is still rare to find a value stream manager responsible for creating a value stream that flows out of a set of separately managed activities, or someone responsible for sustaining and improving the flow thereafter. Yet we know that if no one is responsible nothing actually happens.

The one place you may actually find such a person is leading a project to design a next generation product. In Toyota this is the job of the Chief Engineer. They are responsible for the success of their product family through several product generations and report through the Office of Chief Engineers to the top of the company. Interestingly they have few staff reporting directly to them. Most of the staff report to their function or department heads. So the Chief Engineer must articulate a case for the resources necessary to get the next product designed from all these department heads, including marketing, purchasing and production etc.

But, however radical the design leap being attempted, the task is essentially one of managing a new variant through an existing development system. Where you see a more radical leap is when Toyota is designing a completely new product line – like the original Lexus, the first hybrid Prius or the low cost vehicle for developing countries. Here you see a much bigger activity designing the new vehicle and the entire production system to build it (for several product generations over a couple of decades). This redesign activity reaches back up each supply chain to raw materials, through as many as 26 different operations. It amazes me that many organisations still do not accept the need to take responsibility for designing their supply base in this way.

When it comes to trying to create a value stream that flows through several different departments for the first time then we need a value stream project leader to lead the charge. Like the Chief Engineer they do not need a big staff reporting to them. They have to make the case for the involvement and resources from all the departments involved and they have to report to and get the backing of top management to make the necessary radical changes.

The next question is who leads and improves this value stream once it has been created? What knits together a sequence of activities across a value stream? Not the physical flow – this is an outcome of a previous process – but the information flow coming back from the customer to the pacemaker process. So the answer is that the management of existing value streams is actually the responsibility of a lean planning and scheduling function, like the Production Control and Logistics Department at Toyota. Not surprisingly PC&L is at the heart of making the Toyota Production System work, yet less attention has been paid to how it actually operates than to physical operations.

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Where "Lean Thoughts" Become Reality

Value stream management of an existing value stream starts with levelling the flow of orders coming from the customer – acting as a harbour wall to dampen rather than amplify order signals being passed upstream. Then it involves deciding where the pacemaker should be for both the products made to replenishment pull and for the build-to-order products made to sequential pull. Then it is about releasing small quantities of orders frequently to establish a common rhythm across the value stream so products flow quickly and activities come to match the rate and pattern of demand as closely as possible.

Wherever we turn the weak link in our lean activities is the way variability in the information flow is amplified and passed upstream. As long as this is not addressed it will be difficult to create the stability necessary to enable products or patients to flow. Maybe it is time to take a fresh look at the leadership of your value stream redesign activities and at how your planning and scheduling department will manage your value streams on an ongoing basis.

Yours sincerely

Daniel T Jones

Chairman, Lean Enterprise Academy

PS. The presentations from the third Lean Healthcare Forum are now on the web site. Following the extremely positive reaction to our recent **public workshops**, we have decided to run them again on **27-30 November 2006**. This will include **Creating Flow in Healthcare, Mapping Healthcare Processes, Breaking Through to Flow, Mapping Your Processes, Planning a Lean Transformation and Creating Level Pull**. See www.leanuk.org

A Driving Test ...

You are driving in a car at a constant speed. On your left side is a 'drop off' (The ground is 18-20 inches below the level you are traveling on), and on your right side is a fire engine traveling at the same speed as you. In front of you is a galloping horse which is the same size as your car and you cannot overtake it. Behind you is another galloping horse. Both horses are also traveling at the same speed as you. What must you do to safely get out of this highly dangerous situation?

The Answer ...

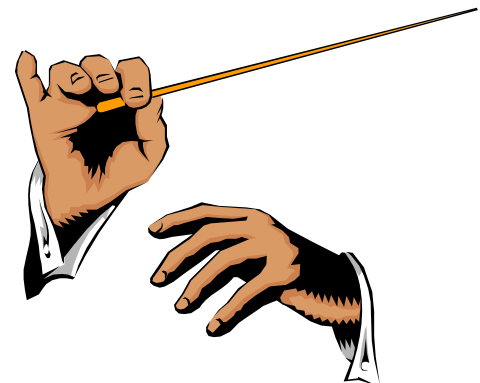
Get your drunken butt off the merry-go-round.

ULTIMATE LEAN ?

A company chairman was given a ticket for a performance of Schubert's **Unfinished Symphony**. Since he was unable to go, he passed the invitation to the company's Quality Assurance Manager. The next morning, the chairman asked him how he enjoyed it, and, instead of a few plausible observations, he was handed a memorandum, which read as follows: -

- For a considerable period, the oboe players had nothing to do. Their number should be reduced, and their work spread over the whole orchestra, thus avoiding peaks of inactivity.
- All twelve violins were playing identical notes. This seems unnecessary duplication, and the staff of this section should be drastically cut. If a large volume of sound is really required, this could be obtained through the use of an amplifier.
- Much effort was involved in playing the demisemiquavers. This seems an excessive refinement, and it is recommended that all notes should be rounded up to the nearest semiquaver. If this were done, it would be possible to use trainees instead of craftsmen.
- No useful purpose is served by repeating with horns the passage that has already been handled by the strings. If all such redundant passages were eliminated, the concert could be reduced from two hours to twenty minutes.
- In light of the above, one can only conclude that had Schubert given attention to these matters, he probably would have had the time to finish his symphony.

Our thanks to Betty at ITC in Manitoba and ultimately to Dr. Colin Mynott, AME-UK Secretariat, for this light "note."



Tour **W**orkshop **C**onference
 Consortium Event Schedule



January	February	March	April	May	June
<p>T</p> <p>Wednesday 25 Eaton Electrical, contact Joe Fisher, JoeRFisher@eaton.com</p>	<p>T</p> <p>Wednesday 15, CFN Precision, 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, Nestle Waters, contact Mariela Castano mcastano@perriergroup.com</p>	<p>T</p> <p>Wednesday 19, CTS Corp., contact Bob Garces, Bob.Garces@ac.ctscorp.com</p> <p>Consortium Shareshowcase</p> <p>Saturday 29 Kraft Oakville. Contact Cindy Grolleman cindy.grolleman@stackpole.com</p>	<p>T</p> <p>Wednesday 17, Stackpole CSD, 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, Morrison LaMothe, 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, Kraft Foods, contact Hanif Jivraj hjivraj@Kraft.com</p>	<p>T</p> <p>Wednesday 11, Stackpole PMC, 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, Messier-Dowty, contact Mike Smith Mike.Smith@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>	