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LEAN THOUGHTS

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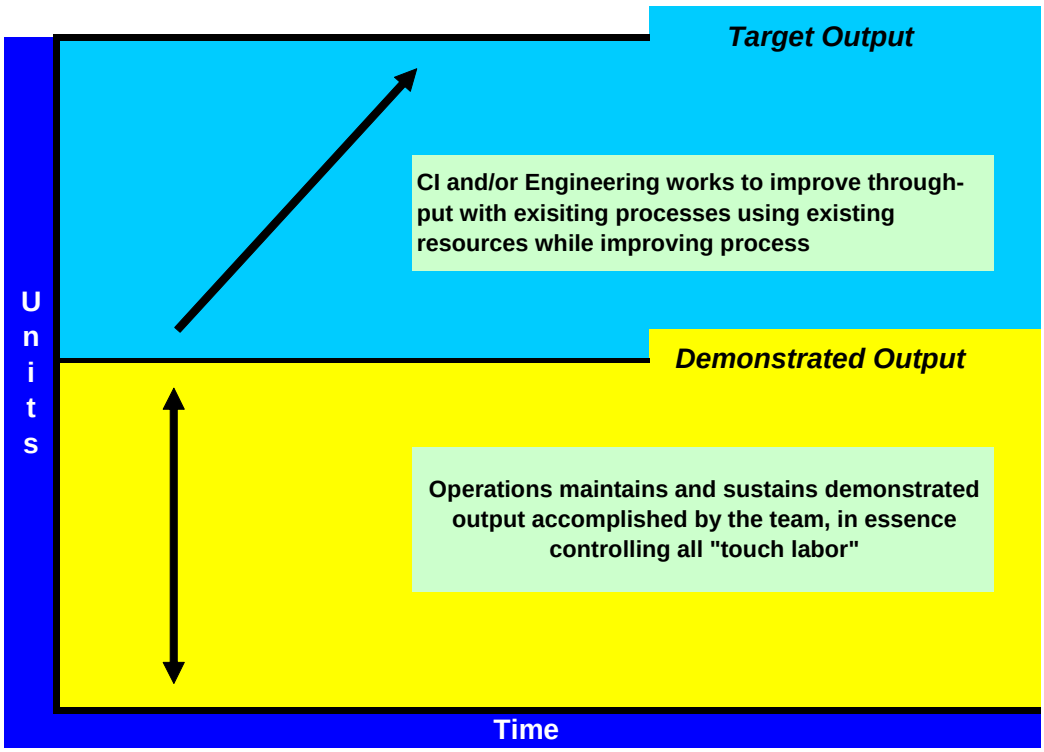
Output … What is your role and accountability?

In our August 20, 2007 issue Mike Shipulski craved for additional engineering involvement to truly be able to take cost out of a product through design. I am in strong agreement with Mike and would welcome his direct involvement for any design review. During my days with Allen-Bradley we had roughly calculated that it cost the organization around 100K per year to maintain a SKU, if you added up real estate costs, ordering, receiving, putting away, cycle counting, pulling parts, material conveyance and maintaining forecasts, BOM etc in your ERP system … so anyone who is willing to reduce SKU count by 50% is a saint in my books.

However we also need engineering to help us design out labour in our processes on the shop floor. Typically when I review the output of a work centre, value stream and plot the actual outputs on a graph the demonstrated output is quite often at 50% of the original estimate. Now give any operations individual a process and a target to get units out of the door and they will figure out a way to accomplish the objective even if it is not labour cost effective. This is probably why when a labour content reduction is required management focuses on the operations group to get the job done. Once you have plotted your demonstrated output it is understandable that operations should be held accountable to consistently performing to the demonstrated output performance. However if you need more through-put you will need the help and expertise of engineering to review and change the processes to deliver more or the same with less labour. This can be demonstrated in a simple graph.



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Where "Lean Thoughts" Become Reality

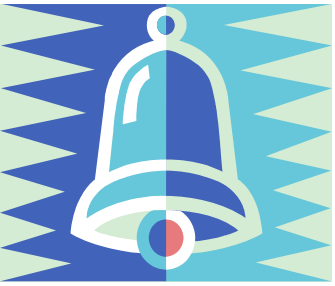
Seems like a simple enough concept but only too frequently it creates that Ah Ha moment. Once folks understand this simple concept it eliminates confusion of roles and responsibility on the shop floor between the two factions.

Of course one of the most powerful tools that enables all parties to come together to collaborate is the exercise of Value Stream Mapping and developing your action plan and tracking charts. Many organizations are using VSM to identify and eliminate waste but forget about their investment in the tool once the organization endures some stress of a change in business conditions.

A change in business will require a change in process so as a team you need to reach for your investment in a VSM and begin another review through the eyes of your new business situation.

We all strive to identify and accomplish the perfect process but it is only through a series of process enhancements that this will be accomplished.

VSM is great team building exercise so include as many people as possible. Once you have your maps completed it should align the troops with a common focus and a clearly defined road map to capture the target.



VSM is not a solution but rather a tool enabling you to see, you will then need to align your other Lean attributes to support the cause.

5S+1 - to insure workplace organization that you only have the tools and materials required … everything else is waste.

TPM – regular operator checks to early identify potentially unpleasant surprises and get them fixed!

Daily Team Report-Outs - to plot our progress and remain focused on the targets.

Set-up Reduction – to improve agility within the processes will require that set-up is not a time based obstacle.

LEAN ON ME

Contact me if you need coaching or facilitation help in the areas such as but not limited to; 5S, Value Stream Mapping, Set-up Reduction, Problem Solving or Policy Deployment.

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Process Speed: *Driver of Cost Reduction*

"The time element in manufacturing stretches from the moment raw material is separated from the earth to the moment when finished product is delivered to the ultimate consumers.
Ordinarily, money put into inventory is thought of as live money… **but it is waste** – ***which like every other form of waste, turns up in high prices***. **We do not own or use a single warehouse!** Time waste differs from material waste because ***there can be no salvage***."

- Henry Ford

Here are 5 Lean Preparation Steps

1. STABILITY:
a) Implement a quality management system to stabilize product quality. b) Standardize work to stabilize delivery lead-times. c) Manage suppliers for stable delivery
d) Ensure maximum machine availability
2. MANAGEMENT ALIGNMENT: Ensure that the whole management team is aligned with the lean strategy. Reorganize by product family. Remove anchor draggers. Leadership from the top is essential.
3. UNION ALIGNMENT:
Ensure union buy-in by sharing the lean vision and give assurances not to retrench, if required. Train union members in lean principles. Create an all-inclusive steering committee.
4. TRAINING & COMMUNICATION:
Train all the role players in lean principles and techniques, e.g. value stream mapping, operator balance charts etc. Communicate the lean vision to the whole organization. Explain the need to go lean and what the strategy is.
5. MEASUREMENTS & INCENTIVES:
Carefully choose new measurements for managers and operations. These measurements must support the lean implementation, e.g. lead-time reduction, set-up time reduction, inventory reduction etc. Apply even more care to the design of new improvement incentives based on gain sharing.
Once Again… ***the 5 Lean Implementation Steps follow the 5 steps in Lean Thinking. i.e.:***
1. Specify value as experienced by the customer
2. Map the value stream for every product family
3. Reorganize the value stream for flow
4. Schedule the pacemaker and let the customer pull
5. Repeat the process to perfection

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Consortium Event Schedule

Tour **W**orkshop **C**onference

January	February	March	April	May	June
T **Wednesday 24** **Eaton Electrical,** contact Joe Fisher, JoeRFisher@eaton.com **W** **La-Z-Boy Corporate Monroe MI** **February 14 & 15** **Enterprise Value Stream Mapping** **How to use the VSM tools to map admin processes.** Contact Richard Kunst for info. Richard.kunst@la-z-boy.com Register at www.ame.org	**T** **Wednesday 14,** **CFN Precision,** contact Paul Kaulback, pkaulback@cfn-inc.com	**T** **Wednesday 21,** **Nestle Waters,** contact Mariela Castano mcastano@perriergroup.com	**T** **Wednesday 18,** **CTS Corp.,** contact Bob Garces, Bob.Garces@ac.ctscorp.com **C** **Lean Design & Development Conference** **Wed 18 to Fri 20** Chicago Contact www.iirusa.com/lean	**T** **Wednesday 16,** **Stackpole CSD,** contact Don Barber Don.Barber@stackpole.ca **Consortium Shareshowcase** **Saturday 05** **CGL Guelph.** Contact Cindy Grolleman Grolleman@canada.com or Dave Deskur daved@cglmfg.com	**T** **Wednesday 20,** **Morrison LaMothe,** contact Tony Vita tvita@morrisonlamthe.com **C** **AME Regional Conference** **Mon 18 to Thur 21** Edmonton, Alberta Contact www.measureupforsuccess.com
July	**August**	**September**	**October**	**November**	**December**
		T **Wednesday 26,** **Kraft Foods,** contact Hanif Jivraj hjivraj@Kraft.com	**T** **Wednesday 10,** **CGL Manufacturing** contact Dave Deskur daved@cglmfg.com **C** **AME National Conference** **Mon 29 to Friday Nov 2** Chicago Contact www.ame.org	**T** **Wednesday 14,** **Messier-Dowty,** contact Mike Smith Mike.Smith@Messier-dowty.on.ca	**T** **Wednesday 12,** **Orenda,** contact Brenda McIntosh brendamcintosh@orenda.com