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LEAN THOUGHTS

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Orator, Visual or Touch Communications ?

A key foundational element of a successful Lean Enterprise is "Respect for People". To convey "Respect" a simple but effective communication methodology needs to be visible and employed.

Perceived effective communications does not always work. The perception of the sender about what is being communicated can be significantly different than the interpretation of the receiver. This can create chaos and miss-alignment within your operation.

There are three distinct communication transfer methodologies used to communicate and digest information. Imagine, that you are about to embark on learning or installing new software on your computer and see which category you relate best with;

Orator ... These are folks that will read an instruction manual from cover-to cover before beginning to use the tool. This also includes those folks that will read the assembly instructions before beginning an assembly process.

Visual ... if someone shows you how to do something or takes you for a guided tour, you are able to retain enough information that will enable you to continue on your journey.

Touch ... here someone will actually mentor you through a series of actions so that you actually touch and experience the elements of the process so they become programmed into your brain.

Most people can relate to the Visual or Touch category ... and if those fail, will resort to Orator tools. The problem is that what we can relate towards is not normally the communications methodology we induce on others to follow.

I am always amazed at the complex methodologies leaders within organizations want their employees to follow ... when they have difficulty managing their leadership team to follow some basic principles. For example, observe the following basic Standard Visual Work Instruction;

Doc #:	VSWI Name:	Meeting Room	Revision History		Approvals	
Issue Date:	Prepared By:	Richard Kunst	#	Change Description	Date	Area
Page: 1 of 1	Plant: Waterloo		1			Quality
Takt Time:	Cycle Time:		2			Materials
			3			Safety
			4			Logistics
			5			IT
			6			Manufacturing

Step No.	Work Instructions	Symbol	Illustrations / Photographs
1	Meeting room to be left as you found it or better -- clean and orderly		
2	Chairs must be pushed in and table cleared		
3	Excess papers removed and placed in recycle container		
4	Insure all attendees are aware of Safety Requirements and Evacuation Procedure (especially import for visitors)		
5	Turn off lights and computer(s) before departing meeting room.		
6	If food is involved, meeting facilitator must arrange for appropriate disposition of leftovers.		
7			
8			
9			
10			
11			
12			
13			
14			
15			

LEAN CONSORTIUM MEMBERS:

- ACE Bakery
- Aluminor
- CGL
- CTS Canada
- EATON Cutler Hammer
- KRAFT
- LA-Z-BOY- Residential
- MESSIER-DOWTY
- MORRISON LAMOTHE
- ORENDA
- NESTLE WATERS CANADA



Where “Lean
Thoughts”
Become Reality



Just conduct an audit of your meeting room half way during the day ... how do they look? Messy?, Chairs not put back into their proper place or papers and reports from previous meeting left behind? Then you will quickly understand why it will be a challenge to create that “Adult to Adult” environment through-out the entire organization.

So where to start?

- Start in your meeting rooms and cafeterias ... make the instructions simple, yet easily understood in a positive manner.
- Pictures speak a thousand words ... they are also an universal language that everyone understands. Why is that you send picture postcards from your vacation? ... cause it easier than attempting to describe it through the written word.
- If the creation of a Standard Visual Work Instruction requires more than 1 page ... the assignment is too complex. Simplify the content or break it down into more meaningful miniature tasks.
- Many organizations cringe in fear that they will have to create Standard Visual Work Instructions for every operation within the facility ... nothing can further from the truth. Have individuals or Teams go through the exercise of creating a Standard Visual Work Instruction where confusion, misunderstanding or conflict is occurring about role responsibility or accountability.

Other things to consider about Standard Visual Work Instructions ...

Standard Visual Work Instructions are not created for operations but rather as an auditing tool for management to insure standard work practices are being followed.

Don't call them Standard Visual Work Instructions ... but rather your **Current Best Practice**, this will psychologically empower your folks to want to find improvements to constantly enhance the process without the fear of retaliation or discipline ... as long as they follow the Standard Visual Work Instruction for making changes.

Anyone within your organization should be empowered to suggest new Best Practices to be adopted, so make the creation of a new work instruction simple and easy. With the price of digital cameras being so cost effective the barrier for using this tool is virtually eliminated.

A good Standard Visual Work Instruction will pretty much cover all three of the common communication transfer methodologies.

So what kind of communication receptor are you?
... **Orator, Visual or Touch?**

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 and Consortium Development



PERFORMANCE-BASED PRICING

Reprinted from Jim Pinto's e-news

Products in the automation industry have traditionally been sold with "cost-based" pricing - selling price based on manufactured cost, with target gross and net profit margin multipliers. But global competitors (especially China) are prepared to compete with lower profit margins. So, the traditional cost-based pricing model is seriously flawed.

The tactical response by large automation suppliers is to offer broader ranges of products, software, systems and services. But this still has the effect of reducing overall profit margins. The problem lies in obsolescent cost-based pricing.

Pricing is a zero-sum game between the supplier and customer. The focus must move to win-win - simultaneously providing greater customer value and higher supplier profitability. Performance-based pricing is the answer. It allows the up-front cost to the buyer to be relatively low, and offers the seller a high return based on performance.

Performance-based pricing is "insurance". It guarantees that when suppliers provide more, they're paid more. Buyers also receive insurance through paying only for the performance delivered.

With performance-based pricing, suppliers get the opportunity to manage customer value and be closely involved with generating additional profits for both sides. With the risk comes added revenue and profit opportunities for the suppliers.

* Automation World May 2008 - Performance-based pricing:

<http://www.automationworld.com/view-4163>

"Before you can really start setting financial goals, you need to determine where you stand financially."

— David

Bach

2008 Consortium Event Schedule



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

January	February	March	April	May	June
T Wednesday 16 <u>Eaton Electrical</u> , contact Joe Fisher, JoeRFisher@eaton.com	T Wednesday 13, <u>ACE Bakery</u> , contact Cindy Grolleman, cgrolleman@acebakery.com	T Wednesday 19, <u>Nestle Waters</u> , contact Mariela Castano mcastano@perriergroup.com	C Consortium Shareshowcase Saturday 05 <u>Eaton Milton</u> , Contact Cindy Grolleman cgrolleman@acebakery.com or Joe Fisher JoeRFisher@eaton.com	T Wednesday 14, <u>Alumicor</u> , contact Barry Wood barry@Alumicor.com	T Wednesday 18, <u>Morrison LaMothe</u> , contact Tony Vita tvita@morrisonlamthe.com
July	August	September	October	November	December
		T Wednesday 24, <u>Kraft Foods</u> , contact Hanif Jivraj hjivraj@Kraft.com	T Wednesday 16, <u>CTS Corp.</u> , contact Navneet Mann, navneet.mann@ac.ctscorp.com	T Wednesday 12, <u>Messier-Dowty</u> , contact Mike Smith Mike.Smith@Messier-dowty.on.ca	T Wednesday 10, <u>Orenda</u> , contact Brenda McIntosh brendamcintosh@orenda.com