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LEAN THOUGHTS

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A Recession Action Plan

The following is the latest communication from Dan Jones. Dan along with James Womack who wrote the book "The Machine that Changed the World" introduced Lean Thinking to North America.

Dear Richard;

A recession is a good time for lean. Organizations can either postpone lean and resort to traditional cost cutting, or they can accelerate and redouble their progress with lean. I doubt the former will last the course. But the latter stand a good chance of surviving and laying the foundations for future prosperity as they turn the tables on their competitors. There is no time to lose and no more time for excuses! So how should we make best use of this important moment? Here is my five point action plan for turning this recession to your advantage.

First correctly **define the business problems** you are trying to solve right at the top. In this case business problems are about closing performance gaps in order to survive and to take market share from competitors in challenging times. These gaps are now almost certainly bigger than they were. I recently asked the CEO of a large multinational why he wanted his company to go lean. He gave me a very general answer about rising input prices and squeezing margins. However the potential of lean is best understood in relation to specific value streams.

So what are your main value streams creating value for customers and what are the key support value streams that enable them to flow? From examples elsewhere what is the potential for significantly improving their performance – getting new products to market in half the time, producing 30% more with existing equipment and no additional capital, meeting every delivery on-time and in full and with no invoice errors, responding to customer problems in hours rather than weeks, reducing length of stay in a hospital by half, compressing the supply chain from 200 days to 20, eliminating 80% of errors and effort to process approvals or payments in the back office, getting changes to the IT system in days rather than many months etc.? What improvements in which of your value streams with which customers and suppliers will make the biggest contribution to closing your performance gaps? What are your vital few projects – you cannot do everything?

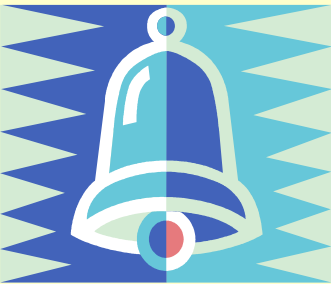
Second give strong value stream managers end-to-end responsibility for each of these **value stream projects**. Their role is to gain agreement on the right things to do for their value streams from all the functions and departments involved (who retain the authority over their resources). They also coordinate the implementation using all the lean visual project management tools and surface conflicts between functional and value stream objectives.

LEAN CONSORTIUM MEMBERS:

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- Alumatic
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- EATON Cutler Hammer
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- LA-Z-BOY- Residential
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- MORRISON LAMOTHE
- ORENDA
- NESTLE WATERS CANADA



Where “Lean Thoughts”
Become Reality



Third establish a **Lean Council** (like Toyota’s Quality and Cost Councils) of key function heads and value stream project leaders to initiate all cross functional projects, coordinate them, review progress and resolve conflicting agendas. They should also have responsibility for developing the lean experts to support these value stream projects and for spreading lean knowledge through networks of peers, workshops and an intranet data base of projects.

Fourth prepare for the future now by getting a high potential group to think outside the box and make the currently impossible possible using lean. This means thinking back from the customer’s use of the product or service and exploring alternative routes to market. It also means challenging the design of the product or service, the right-sized tooling to make it, the right IT systems to run it in the right location with a co-located supply base. Fifth use these value stream projects to teach everyone how to see the right things to do using A3 planning. This is also a great opportunity to teach line managers how to use visual management to track progress in real time and to respond quickly to problems. It is also a great opportunity for line managers to develop the capabilities of their staff to diagnose and solve problems – by using **A3 thinking**. This means asking the right questions to help them learn rather than telling them what to do!

None of these steps are easy but they are all focused on solving the most important problems facing the business while developing the capabilities to sustain and significantly improve this performance into the future. This path will also begin to make sense of some of the apparent paradoxes of the lean management system pioneered by Toyota.
Yours Sincerely

Daniel T Jones
Chairman, Lean Enterprise
Academy

Take Responsibility for Fixing Things

In today’s tough economic time this message is more important than ever.

Today’s accelerating rate of change is like a breeder reactor of problems. That’s just the nature of progress. But as people watch one problem give birth to several more, they start searching for someone to blame. Badmouthing management becomes the most popular form of exercise. The growing number of problems proves nothing, but is offered as hard evidence that the changes are wrong, or that the changes are being managed poorly. Of course, none of this has a crying chance of slowing down change or reducing the rate of problems. All it does is create a culture of blame.

Blaming comes easy. Complaining is a cakewalk. But the culture needs encouragers, instead of complainers, fixers rather than blamers. Blaming uses up a lot of energy, but doesn’t provide any real relief. Rather than lighten anyone’s load, it just creates additional burdens.

Often blaming is employed as a defensive tactic. Pointing your finger at another person diverts attention from yourself. Accuse someone else of taking a wrong action, and that sort of gives you grounds for expecting them to fix things you don’t like.

Identifying problems is fine. Just make sure you package topnotch solutions with your complaints. Come up with constructive ideas of your own instead of waiting for someone else to fix things. Get busy doing what you can do instead of second-guessing somebody else’s efforts. “Monday morning quarterbacking” gives people the notion they’re contributing something meaningful, but really it’s a cheap backhanded way to throw more blame.

There are enough problems to go around, so take your share of responsibility for fixing things. Push for a culture of personal accountability.

Excerpt from “Culture Shift” by Price Pritchett

Save Headcount!!

We can be a cost effective extension of your CI Department without adding permanent resources.



2008 Consortium Event Schedule



Tour Workshop Conference

January	February	March	April	May	June
<p>T</p> <p>Wednesday 16 Eaton Electrical, contact Joe Fisher, JoeRFisher@eaton.com</p>	<p>T</p> <p>Wednesday 13, ACE Bakery, contact Cindy Grolleman, cgrolleman@acebakery.com</p>	<p>T</p> <p>Wednesday 19, Nestle Waters, contact Mariela Castano mcastano@perriergroup.com</p>	<p>C</p> <p>Consortium Shareshowcase</p> <p>Saturday 05 Eaton Milton, Contact Cindy Grolleman cgrolleman@acebakery.com or Joe Fisher JoeRFisher@eaton.com</p>	<p>T</p> <p>Wednesday 14, Alumicor, contact Barry Wood barry@Alumicor.com</p>	<p>T</p> <p>Wednesday 18, Morrison LaMothe, contact Tony Vita tvita@morrisonlamthe.com</p>
July	August	September	October	November	December
		<p>T</p> <p>Wednesday 24, Kraft Foods, contact Hanif Jivraj hjivraj@Kraft.com</p> <p>C</p> <p>Executive Forum Tuesday & Wednesday 23rd & 24th Contact Richard to register rkunst@kumstartofsolutions.com</p> <p>C</p> <p>22nd Transportation Thursday 24th http://www.transportconference.net/emaplan.html</p>	<p>T</p> <p>Wednesday 16, CTS Corp., contact Navneet Mann, navneet.mann@ctscorp.com</p>	<p>T</p> <p>Wednesday 12, Messier-Dowty, contact Mike Smith Mike.Smith@Messier-dowty.on.ca</p>	<p>T</p> <p>Wednesday 10, Orenda, contact Brenda McIntosh brendamcintosh@orenda.com</p>