

## January Indicators

Jay Meyers is the President of the Canadian Manufacturers and Exporters Association. His title his impressive ... but what is more impressive is his ability to translate economic news and trends into something I can understand. CME has started to conduct a monthly poll of their members to get a pulse of the economic vows ... the following are the results of the survey conducted between January 13 & 21 ...

Dear Richard;

We are seeing a very serious meltdown in customer demand that is ricocheting throughout business sectors connected to our major export market, the US. Companies are finding it more difficult to access the financing they require to invest in new products and new technologies, grow their business, and in some cases simply stay in business.

Highlights from the January survey include:

- 66% of companies report that orders have fallen in value since October – 21% report that orders have fallen by more than 30%.
- The sharpest downturn in orders over the past three months has occurred in Ontario, Alberta, and British Columbia.
- 43% of firms say that orders are likely to decrease between January 2009 and April 2009.
- 42% of companies say that employment levels are likely to fall over the next three months.
- 48% of manufacturers and exporters report that they are experiencing difficulties accessing adequate levels of financing.
- 19% say that their line of credit is insufficient to meet current working capital requirements.
- 20% of firms report that they are using 90% or more of their full line of credit.
- 28% of companies report that they have asked their financial institution to increase their line of credit over the past three months.
- 44% of the companies that requested an increase in operating lines of credit over the past three months were declined.

The companies whose requests were refused report a variety of reasons given by their financial institutions. The most common (reported by 40% of firms) is that their bank thinks that their industry sector is too risky. The second most common reason for refusal (reported by 17% of firms) is that the assets given as security do not meet the bank's requirements.

Based on the outlook that our survey suggests, it's going to be a tough year ahead.

[CME January Report](#)

*“Successful people ask better questions and as a result, they get better answers”*

Anthony Robbins

Where Lean Thoughts can become Reality

# Hunting for Cash

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One of the quickest and easiest manners of generating cash ... is to convert your replenishment systems with a **Kanban methodology**. A properly implemented Kanban system reacts immediately to the changes in demand (both positive and negative). Typical reductions in inventory range between 50-80% and can be accomplished with a fair amount of ease. Benefits can be accelerated if you include your supplier during the developmental process.

I recognize that the most significant savings can be accomplished when you apply Kanban's to your raw material ... I issue a word of caution. Do not start with your raw materials. Instead start with your office supplies and gently migrate to your operating supplies and finally your Raw Materials and Finished Goods. Many organizations just simply implement a 2-Bin system and classify this as Kanban ... it is simple and in many applications effective. A true Kanban system will contain several signals and triggers ... for this system to work you need to establish a very robust **PFEP (Plan For Every Part)** which will become the backbone of your Kanban system enabling you to size your supermarkets, Point of Use Locations.

Once your Kanban system begins run and deliver the results you seek the next natural step is to take control of your transportation of goods. Again using your PFEP you can begin to plan "milk runs" to gather material from your suppliers on a regular basis and have it delivered directly to your POU locations.

Next, **prevent your employees from going "shopping"**. In most organizations there is a central supply area for "stuff". Since folks are naturally lazy they like to wander to hunt and gather supplies. Each time they go on one of these adventures at minimum it is costing you 20 minutes of productivity, not mention even more if they decide to stop for a chat.

The answer ... establish a regular standard route within your operation where someone will top of the requirements for each individual. Remember we want to keep our folks focused at their respective work areas by keeping them clean, comfortable, safe and well stocked so plans will be met.

If these opportunities seem too daunting ... here are few other simple ideas;

Delist the ability for folks to purchase **writing instruments**, instead let them bond with your Road warriors to get those complementary pens available in all hotel rooms.

Go back to your initial beginnings of 5S and **do a Sort** and see what kind of gems your team can find that could be put to a better or more innovative use within your operation.

When preparing your morning coffee at the office ... add the milk and sugar first ... add a bit of coffee and swirl until blended ... top off with coffee and viola... 1 swizzle stir stick saved !

And finally ... eliminate the use of staples and paperclips by training your folks to use the following technique ... plus it is environmentally friendly.

[No-more-paperclips !!](#)

Watch the pennies and dollars will follow and have fun getting innovative !!!

Lean Thoughts