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Leanovations, LLC

Lean Newsletter

November 2009 Issue

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"We Are a Job Shop, So Lean Does Not Apply" WRONG!!! Today it Actually Applies More

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A persistent myth pervades the job shop community. Talk to a typical job shop manufacturer and they will often tell you that Lean manufacturing techniques are reserved for those who enjoy a high volume with a limited number of product variations and minimal engineering changes. Many

say "Lean won't work for us because we make custom parts in small quantities." They suggest that the strategies and tools that have "Leaned out" countless corporate operations around the world are simply not applicable in low-volume, high-mix environments. The myth has evolved from the notion that there is a rigid template for implementing Lean and it must follow the Toyota Production System.



Job Shops require a unique approach to improvement because customer orders are largely non-repetitive and may not be heavily assembly oriented. In addition, job shops typically have specialized manufacturing processes geared to their customer's requirements. This High-Mix Low-Volume (HMLV) business is characteristic of job shops and is quite different from the typical Low-Mix High-Volume (LMHV) environment. The approach to implement Lean in job shops requires more analysis in the assessment phase to define and segment the products into appropriate product families; and often requires additional ways to calculate and understand finite capacity scheduling to gain flexibility.

Toyota, clearly a "Low-Mix High-Volume" (LMHV) environment and a make to order OEM Company, is a far cry from the somewhat chaotic "High-Mix Low-Volume" (HMLV) business of Make to Order and/or Engineered to Order environment of a small job shop. Fortunately, at Leanovations we teach the 5 Principles of the Toyota Production System and use a flexible approach to achieve tremendous improvements in job-shop performance by assuring the Lean tools support the people, rather than the people supporting the Lean tools as many consultant groups adhere to. After all one of the foundations Toyota teaches is "respect for employees" and that "Lean is a growth strategy not just a way to eliminate waste".

The 5 Principles behind the Toyota Production System:

1. Understand what the customer values (the customer is the next one in the process who touches what you produce)

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2. Understand the Value Stream (realizing the value stream has value added and non-value added steps in it)
3. Create Flow where possible (1 piece flow is the ultimate, but not all processes allow that to be a reality)
4. Where flow is not possible, create Pull (this allows the total value stream system to flow at a rate the product or service is consumed by the customer - minimizing inventory risk)
5. Continually pursue perfection (build a Kaizen culture throughout the organization)

If your business is a Job Shop environment and you want to understand how Lean can apply and assist your organization in new growth opportunities, please contact Leanovations at (860) 479-0293 or e-mail us at info@Leanovations.com

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Large OEMs Will Likely Outsource More as the Economy Picks Up - Job Shops should be Prepared to Absorb this New Growth Opportunity

Many large corporations continue to outsource work to their supply chain, providing growth opportunities for smaller companies. As an example, recent articles in the Hartford Business Journal and the Hartford Courant reported that United Technologies Corporation (UTC) will be outsourcing additional work to their supply chain for a number of reasons. One reason stated for the outsourced business was, the work was not part of their "core" business, another division was experiencing growth and was reaching capacity, and another is cutting back due to insufficient work and the need to find lower cost opportunities to stay competitive. All three reasons are providing new opportunities for smaller companies, many being Job Shop related to absorb the work being outsourced.



Like UTC, many of the larger corporations were already Lean heading into the recession. Even before this recession, many of the larger corporations had applied and focused on operational efficiency through Lean in their own organization, and were already trim going into the recession. American corporations have rarely if ever emerged from a recession so Lean, financially fit, and ready to respond to growth. Most of these large corporations outsourced 60-70% of their material/product needs and inventory risks prior to the recession through their supply chain to stay liquid, and to have the abilities to scale up and down through their supply chain and reconfigure products and resources rapidly. Now those same corporations are getting burned and missing critical customer requests because their supply chain is not Lean and does not have the ability to react as rapidly as they would have hoped. These corporations are now starting to request and/or demand that their supply chains be Lean and more agile also, many are Job Shops where the expectations are to deliver their products with improved quality, speed and at a lower cost. Yet many Job Shops have not engaged in Lean and still push back at these requests.

With demand set to grow in 2010, and with the pressure to meet corporate objectives to satisfy Wall Street with an upturn in profit margins, there will be additional pressure to absorb the new growth without bringing on additional expenses, such as re-hiring people. This will cause the larger corporations to outsource even more product. Many of Leanovations Job Shop customers are already experiencing this opportunity, and gaining sales through offering more services to their larger customers. Those Job Shops who invested in Lean Training and eliminated waste in all their processes (office support and factory) are well positioned for a double dose of positive growth in 2010, with the traditional improvement in economy and also in absorbing more outsourced work from the larger corporations.

The majority of Leanovations clients are Job Shop oriented. They are suppliers to larger corporations and have successfully implemented Lean throughout the entire organization. Many of them are enjoying new growth opportunities due to creating new skills and capacity, becoming more flexible and very agile, and becoming a Lean thinking workforce ready to absorb whatever work comes their way.

If you want to understand how Lean can apply and assist your organization in new growth opportunities, please contact Leanovations at (860) 479-0293 or e-mail us at info@Leanovations.com

 Forward to a Friend



How We Applied PDCA and Kaizen in My Daughter's Life

I remember the phone call like it was yesterday, July 22nd just past 4PM. We just started our 4PM Kaizen Team Leader Meeting at a client's facility and I excused myself to answer the call from my wife, as I knew she was taking our daughter to the doctor's for a headache that she could not shake, it was now in the 5th day. When I answered, my wife told me our 23 year old daughter had a very large brain tumor and they were requesting that she go straight to the hospital emergency room.



What I am about to share with you is our personal story of how we as a family applied the **Plan-Do-Check-Act process** to this unthinkable situation and how the concept of Kaizen has become part of my daughter's life.

Thankfully, my wife did not just rush to the emergency room as instructed; instead she started asking questions about obtaining the best possible care to treat our daughter's condition. When we all arrived home we sat down and developed a Plan-Do-Check-Act (PDCA) Process to deliver the type of results we expected. The PDCA approach is one of the Lean tools/methods I teach and coach to Leanovations customers. If you are not familiar with the PDCA process here is what it stands for.

PLAN: Establish the objectives and processes necessary to deliver results in accordance with the expected output. **DO:** Implement the new processes. Often at the smallest scale possible. **CHECK:** Measure the new processes and compare the results against the expected results to ascertain any differences. **ACT:** Analyze the differences to determine their cause. Each will be part of

either one or more of the P-D-C-A steps. Determine where to apply changes that will include improvement. When a pass through these four steps does not result in the need to improve, refine the scope to which PDCA is applied until there is a plan that involves improvement.

Our whole family started coming up with a **PLAN** with an expected outcome that we were going to get this tumor out and our daughter would be just fine. No other expected outcome was acceptable. To get this outcome we needed to find the best hospital and surgeon team there was for this condition. We researched, networked, benchmarked and shared our story to find potential opportunities to deliver the desired outcome. The **DO** started with interviewing those hospitals and surgeon teams who were considered the best in the world and we took each opportunity to fully study their processes and skills matrix. The **CHECK** was to analyze their process capabilities and fully understand their Key Performance Indicators (KPIs) with percent for success. **ACT:** Once we understood the differences we determined the best possible opportunity for improvement was with Mass General in Boston and with the Team of Dr. Barker and Dr. McKenna. The **RESULT** was very successful, and especially considering the size of the tumor we could not have had a better outcome. Now begins the Kaizen process for our daughter.

The Kaizen philosophy is drawn from the Japanese word kai which means "continuous" and zen meaning "improvement" or "wisdom". The Kaizen philosophy, therefore, is defined as making "continuous improvement"-slow, incremental but constant. The Kaizen way encourages small day-to-day yet continuous and never-ending improvement process involving everyone using the most basic tenet of survival: Common sense. Kaizen becomes a way of thinking that best works in times of crisis. To understand the benefits of Kaizen better, every business or corporation may need to undergo radical change-whatever degree, without any resistance-in order to survive the competition in this fast changing world.

Well, after the 12 hour operation on September 8th at Mass General, our daughter's life was in a radical change position, where she was left with a severed balance nerve and the loss of hearing in the right ear. To put it bluntly her world was in hyper-spin of out of control when she woke from the surgery. The Process of now making slow, incremental, but constant continuous improvement was her world. Although in much pain and feeling nauseous with any movement she began her transformation journey to recover. She went into the operation positive minded, her "kaizen way of thinking" and continued it even in the ICU recovery as she came through the anesthesia making some small jokes upon waking up. Since that long day of production (12 hour operation) she continues to make small incremental improvements each and every day and is slowly gaining her full balance ability, as the brain adjust to no longer having a the right balance nerve. What makes this remarkable is that she has never complained about the change, never hesitated to try whatever physical therapy necessary to improve, and has realized that she can not do this by herself and needed a team to help her through it (her mother being the number one team mate and by her side 24/7). This tumor provided our family a crisis, which caused radical change in our lives, but through our daughter who did not resist change, but rather embraced the challenge to survive is doing just fine. I now have a whole new appreciation for the Kaizen process and what small incremental steps of improvement really mean.

**To gain a full benefit from a Kaizen experience, one must:
Stay positive and embrace change**

- Ø See the challenges ahead as an opportunity
- Ø Look to make small incremental improvements each and everyday
- Ø Use common sense to guide you
- Ø Understand that a radical change does not have to be negative
- Ø Be prepared to celebrate your successes along the way.

This is exactly what my daughter has done and continues to do with her recovery from brain surgery. I would like to take this opportunity to thank my daughter for teaching me Kaizen on whole new level and being an inspiration to many.



"Thank You Kelly" Love Dad
(by Fred Shamburg, Founder and President of Leanovations)



**Mark Your
Calendars for the
Upcoming
Leanovations
Workshops**

UPCOMING LEANOVATIONS EVENTS

Go to www.leanovations.com to register for a workshop or to learn more information on workshops by Fred Shamburg, President Leanovations, a National Shingo Prize Examiner and other members of the Leanovations team.

- **November 23rd and 24th, 2009 - 2-Day Lean Executive Training** - This workshop is designed for Top Management to benchmark and learn "What It Takes to implement and sustain Lean". Participants will learn from top management from two companies recognized as Lean Leaders in Connecticut; the Zygo Corporation (traded on NASDAQ) on Monday and on Tuesday they will learn from Top Managers from Specialty Printing a family business recognized as one of the fastest growing companies in Connecticut. This workshop will be limited to 15 participants with no more than 3 from the same company.
- **December 21st Lean Enterprise Overview** - This workshop is designed for those just starting on their Lean Journey and for individuals who have an interested in learning more about the basic tools to successfully lead a Lean Kaizen Event. This workshop will be held at CCSU-ITBD in New Britain.
- **January 5th - 8th, 2010 Lean leadership Certification** - This Leanovations Lean Leaders Certification program is for professionals leading Lean initiatives for their organizations, who want to equip themselves with the skills necessary to be an effective change agent and Lean implementer. The 4-Day program consists of hands-on, simulation-based exercises that present Lean concepts, principles, tools and techniques. All four days of the class will be at clients of Leanovations and companies recognized as Lean Leaders in Connecticut. Many Graduates of this certification program become recognized and awarded an internal Lean Leader Certification by Connecticut's Center for Advanced Technology.