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Leanovations, LLC

Lean Newsletter

September 2011 Issue

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Pick up any book about the virtues of the Toyota Production System (TPS) and it will immediately discuss going to the "gemba", meaning where the action is, and walking the talk on the shop floor. This is one of the most powerful hidden attributes of TPS. When applied correctly, it forms the basis of standardized work for manufacturing leaders and quickly allows them to compartmentalize the noise that can create disturbances to true flow. When done properly it also provides shop floor and department leaders with the ability to show their leadership and business skills, while communicating the results of their department or cell.

In many manufacturing organizations, the daily production meetings are held in conference rooms with limited focus on real issues to make improvements. Conference room production meetings usually have "assumptions and words just spoken", many times to create distractions, on the problems that are affecting true material shortages, quality impacts or labor productivity issues. Managers and leaders seem to seek forgiveness for not meeting goals established at the previous production meeting, rather than visiting the factory floor to identify the real problems and develop solutions. A meeting in a conference room is one of the biggest wastes of the day, especially since it removes leaders from the gemba, where the action is and they are needed the most.



At Leanovations we recommend the way to eliminate this waste is to establish Key Performance Indicator (KPIs) report-out "Visual Boards" (whiteboards) in strategic locations throughout your facility (plant and office). Follow your value stream, beginning with the final customer in shipping and receiving and working back to the receipt of raw materials. Your reporting should cover the four areas that create "disturbances to flow" -- health and safety, quality, production, and continuous improvement.

The management team needs to assemble daily to walk the standardized route to view the KPIs and report-outs and deal with any issues that could create a disturbance to flow for the coming 24-48 hours. The team should also review the results of the previous 24 hours to make certain that plans and targets are met. If a member of management is not able to attend, an alternate who is empowered to take action and make decisions should participate in the manager's absence.

With practice and the use of good communications skills and staying focused on the real issues and KPIs, completing each report-out in 1-2 minutes is practical and should be the goal. The power of having the entire management team in attendance is decisions are made immediately on the shop floor. There



is no need to schedule another meeting, page the person or hope that someone else will solve the problem. Once this "walk the talk" production meeting and communication process is entrenched, it will be easy to add other reporting requirements to support productivity improvements.

Trying this new format and sticking with it will pay huge dividends for the whole organization. It is important to get the visual boards up and to make this "Walk the Talk" production meeting standard work for the management team.

The next step will be to get the leadership team away from "aisle management," therefore Leanovations suggests, weekly have employees of the department or work cell do mini-report-outs on improvements they have implemented. This is an opportunity to give them recognition for their contributions. The increased visibility of management on the shop floor "walking the talk" demonstrates their commitment to the well-being of employees, and the vision to remain competitive. Try it ... you will like it!

If you are interested in learning how Leanovations can assist your company, please call us at (860) 479-0293 or e-mail us at info@leanovations.com.



→ Harness Your Kaizen Brilliance

Leanovations has a few strategies for maximizing your kaizen/innovative processes that we would like to share to maximize your event and to meet the organizational strategies.

- **Develop a Focus through a Team Charter:** A lot of times teams will feel stress and anxiety about the Kaizen event because the project has not been fully defined with the opportunities the team is supposed to solve. To gain a focus for the team; develop a Team Charter to make sure the team understands the business impact and the need for success. The Team Charter defines the following:
 - **Opportunity Statement:** What is the subject and why a kaizen team event is being held, this should be described as an "opportunity" for the organization, not as a problem
 - **Business Impact/Goal:** Establish what impact this project/team event will have on the business and define the measurable goals for the team so they know what is expected of them
 - **Scope of the Project:** Define the starting point and ending point of the process you want the team to stay focused on, insure the size is manageable so the team can have success. This part of the Team Charter is important so the team does not have "scope creep" where the focus becomes too big to succeed
 - **Key Performance Indicators (KPIs):** State what key performance measures the team should track after the event that will indicate if what they accomplished is providing the results that will positively affect the organizational strategies.
- **Provide Inspiration:** Teams are what they believe; if they believe they can be successful they will be, if they do not they will struggle. Positive or negative stimuli or communications will definitely effect how a team innovates and creates business success. Management must encourage the team to stretch their imaginations and ability to think outside the box.



- **Insure the Team "Works ON the Business"**: Often team members struggle to see the opportunities to improve because they have always been directed to "Work IN the Business" by focusing on only meeting the daily expectations. Providing time for teams to document reality/the current state, to see the waste and asking them to brainstorm ideas; then expecting them to implement those ideas to improve the processes is the most powerful way to let them "Work ON the Business". Investing time to "Work ON the Business" is the most powerful way to engage, energize and empower a team, it will create a tremendous value for each member of the team, the stake holders, and your customers.
- **Encourage Relationships and Teambuilding**: One of the main purposes of making a Kaizen Team cross functional is to stimulate new ideas and expose the team members to new experiences and friends. Building relationships through the Kaizen team process will open each team member's eyes to new thoughts and possibilities. Kaizen events should not only focus on results, but also team building and relationships focused on creating success, as team success in motivational and will simply breed new successes.
- **Keep the Energy and Sustain**: Good Kaizen Teams tend to come up with more ideas than they can execute and accomplish during the event. Those ideas not completed during the event should become part of a "Project Plan" for success. This project plan needs to follow PDCA (Plan - Do - Check - Act) process and become a living breathing document that helps keep the team and the rest of the organization focused on sustaining the results of the Kaizen team. It is important that top managers continue to support the team after the event, provide the energy through regular update meetings and offer assistance and support, removing any barriers that will not allow the organization to sustain the improvements made by the Kaizen team.



Following these five guidelines we have developed at Leanovations will drastically improve the success rate of any Kaizen team event and help create a culture of Lean Learning throughout the organization. For more information on how Leanovations may assist your company with your Lean transformation please contact us at: info@leanovations.com or call us at (860) 479-0293.

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Learning Lean from a Nerf Ball or a Batch of Beans

The "Nerf Ball Factory" and the "Bean Batch Factory" are part of Leanovations simulations training workshops and are ideal introductions to the importance of developing a Lean learning culture for any organization. In it, participants operate a simulated factory and then have an opportunity to redesign it through a Kaizen event with their newly learned Lean principles.

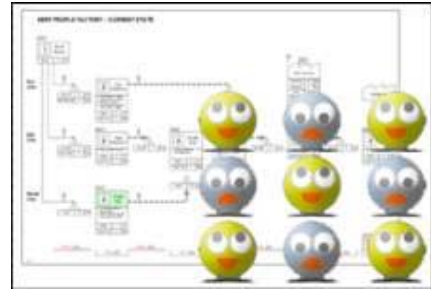
The training explains basic principles, elements, techniques and how they interact. It provides the emotional and intellectual framework for understanding Lean and the simulations explore leadership issues in the context of Lean transformations and other situations where radical change in behavior and culture is necessary. While the workshop is for all employees, the program is especially beneficial to anyone in a leadership position. The Nerf Ball and Bean Factory Workshops are full of exercises applying Lean tools, and really fun learning.



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The participants operate their own factory trying to meet the customer demands and staying productive with typical results of today's factory in a push environment. Then we allow the participants to Kaizen their factory and operate their new and improved factory to measure their Kaizen success and experience the results. The participants are then told what the competition can do, and they are asked if they are up to taking on the challenge, requiring the participants to "think outside the box" to excel beyond the competition. This is when things really get interesting.



Leanovations offers a "Nerf Ball and Bean Batch Factory" Lean workshop and simulation to companies to help train employees in the fundamentals of Lean Manufacturing. If your company is serious about implementing a Lean Transformation, every person should go through this training. This hands-on simulation demonstrates the effectiveness of Lean techniques and principles; and how Lean provides tremendous profitable growth opportunities. The workshop compares Lean manufacturing to normal or traditional manufacturing, and the simulations show how much easier job functions can be, the importance of developing new skills to create flexibility and capacity, and how efficient employees and product flow become when implementing Lean.



All the measurements drastically improve as we go through the training, clearly cementing the benefits of Lean. Measurements taken at the end of the simulation show remarkable improvements over traditional push and batch processing in lead-time, quality, productivity, work-in-process, flexibility, and of course, overall profitability.

Leanovations training and simulations is dynamic enough for high level management training, yet also detailed enough for those involved in daily production for all to gain tremendous benefits. The best combination is when you have all levels of an organization participating and allowing each other to play a role they have no experience in to appreciate what each other must do to be successful in a manufacturing environment.

If you are interested in learning more about the "Nerf Ball or Bean Factory" simulations, please e-mail us at: info@leanovations.com or call us at: (860) 479-0293.

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Productivity, Profits, and Job Growth has slowed; It is time to do Lean

The latest productivity data from the Bureau of Labor Statistics (BLS) reported that productivity, profits, and job growth declined for the second quarter ending in June, this following a decline of 0.6 percent in the first quarter. This has left the economy slightly below its post-1995 productivity growth path.

Actually, slower productivity growth is an excellent time for Lean, as increasing productivity, profits and job growth is exactly the Lean concepts and principles Leanovations teaches and coaches. Leanovations does not look at lean as a

cost reduction program to help companies reduce jobs. Leanovations believes when volume is down it is the perfect time to re-invest in your employees and give them new skills to allow more flexibility, increased productivity, enhanced quality, provide better service, and acquire more business/market knowledge, which in turn will provide new profitable growth opportunities for the company.



With a significantly worse outlook for new housing starts; negative effects of lower home values, higher taxes; slower job growth; and higher prices will all contribute to lower consumer confidence which is bringing a halt in industrial growth. Economic cycles always mean there will be difficulties and we will always be at the mercy of economic forces, thus experiencing another economic shock like a double dip recession will send U.S. manufacturing back into a recession like 2008/2009.


However, those companies that are running Lean have an extra insurance policy. In a rough economy or recession companies that are Lean fair better than those companies who are not. Those who have not adopted Lean will most likely be in for another bumpy ride the rest of this year and into 2012. Leanovations is proud of our track record, as many of the companies we worked with in a "Lean Partnership for Success" has not laid anyone off, and most never saw their sales drop more than 10% during the last recession of 2008/2009, with many actually experiencing sales growth over 40% from end of 2009 through 1st half of 2011. We contribute their successes to a simple concept we teach; that Lean is a "Profitable Growth Strategy" not a cut and slice program and we challenge companies to find new growth opportunities even in an economic downturn.

Repeatedly, Lean demonstrates it works, as companies that embrace Lean can achieve 15% growth year after year. While the US GDP increases at a rate of 3-5% year over year, if we are lucky. Lean is about changing principles and attacking waste in your value streams throughout the enterprise, not just in manufacturing. It means totally changing the way an enterprise looks at all processes, and once a company learns how to eliminate waste, it will become more competitive.



There is a compelling case of how Lean initiatives can really pay off and insulate companies from economic troubles. Lean helps to bring products to market faster which allows companies to capture more of a market share and it results in better asset velocity, which drives cash cycle conversion, and we know that in all business cycles, "cash is king."

If you are interested in learning how Leanovations can assist your company in enjoying profitable growth even during a down turn in the economy, please call us at (860) 479-0293 or e-mail us at info@leanovations.com and look us up at: www.leanovations.com.

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