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# Leanovations, LLC

## Lean Newsletter

### January 2012 Issue

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### Here are 7 Wastes (Tom D. WIP) That Will Add Value Take a Personal Pledge to Perform these Wastes in 2012

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- 1. Transportation:** Take a trip somewhere new to enjoy the unknown or travel to visit a relative or friend who you have not visited with in a while to share some memories and laughs.
- 2. Overproduction:** When making a meal, make more than your family can eat and package the overproduction and deliver it to a neighbor in need.
- 3. Motion:** Ask a child to play a game outside like; hop-sotch, jump rope, or a simple game of catch. This will be great exercise for you but also teach a child some simple outdoors activities that appear to be missing in today's high tech world.
- 4. Defects:** Play a high tech game with a child, one that you have never played before (such as on Wii, X-Box, Nintendo, etc.) and enjoy and laugh at the many mistakes, errors and defects you create. Remember each mistake or error you create is really just another learning opportunity to improve.
- 5. Waiting:** Take an elderly person to a doctor's appointment and sit in the waiting room for them, or offer to take their car in for an oil change and be willing to wait for the service to be performed.
- 6. Inventory:** The next time your grocery store has a big sale (like buy 1 get 2 free), take advantage to stock up on inventory and drive it right over to your local food bank where many needy families can enjoy it.
- 7. Processing:** Make 2012 the year you will take the extra time to manually process a "hand-written" note to individuals who deserve a thank you, nice job done or a simple appreciation note.



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### Focus on Four Business Fundamentals in 2012

No question about it, 2008-2011 were tough times, the global economy was extremely unstable and very unsettling. Financial institutions struggled, stock markets around the world were unstable, and consumer confidence was low.

With all that said, it appears the economy in 2012 may turn in a positive way and every company needs to look at 2012 as an opportunity to make moves that will give them a competitive advantage. **Focusing on these four**

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**business fundamentals could put the company on track to enjoy profitable growth and outstanding customer service in 2012.**

**Be good to your employees:** Usually when the economy picks up many employees begin to look for new opportunities, simply because they have felt trapped during the tough economic times. The most important asset in any company is its people. Recognizing this and taking steps to show your employees that you appreciate their value will improve productivity, loyalty and ultimately keep talented individuals you have invested in. Imagine taking on new growth opportunities in 2012 without the enthusiasm and commitment of your most important assets.

**Adopt Lean as your operating strategy:** Companies that understand the benefits of Lean and engaging the employees in cross functional kaizen teams will position themselves for a breakout year in 2012. Through a philosophy of investing in your people, the payback will be a workforce focused on continuous improvement, innovations and business fundamentals to create profitable growth.



**Rationalize your products for growth:** Product rationalization, although a difficult and sometimes emotional process, can lead to rapid, profitable growth, employee satisfaction and better customer service. The good old "80/20 rule" suggests that 80% of your resources focus on only 20% of your revenue. Rationalizing this 20% of product complexity will free up resources to better serve the customers and grow the products that make up 80% of your business.

**Invest to grow:** During tough economic times, such as the last few years, it is often a time where good deals on things such as equipment, property, and good people become available. The time is still right to find these opportunities to invest in, so keep your eyes open for bargains on things that will help you gain a 2012 competitive advantage and ultimately profitable growth.

By focusing on these four business fundamentals you are positioning your company for profitable growth in 2012 and beyond to better serve customers; by valuing your employees, engaging them in lean, rationalizing your products you offer and investing money on the right things at the right time.

To learn how Leanovations can assist your company through a Lean transformation and/or Product Rationalization contacts us at [info@leanovations.com](mailto:info@leanovations.com) or call (860) 479-0293

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## Capacity Constraints May Exist In Supply Chain Developing a Lean Supply Chain Partnership "A MUST" for 2012

At Leanovations as we end 2011 and we see the economy picking up for manufacturing, we have noticed that **many contract manufacturers / machine shops are coming close to capacity or are already at capacity constraint, as they are facing a skilled labor shortage of machinists, operators, craft workers and technicians.**

The decline of a "family-supporting" manufacturing job has been going on since the 1980s. Over the last 30 years too many working families have had their



lives turned upside down by plant closings, downsizings, outsourcings and offshoring. Their experience in manufacturing has meant job loss, declining wages, benefits and economic insecurity. **Nationally, manufacturers shed 2 million jobs during the 18 month recession between December 2007 and June 2009.**

At the same time our young "working-class" students are staying away from manufacturing jobs, many because of what they have witnessed through their parents, and are choosing careers that provide more secure employment, better wages and benefits.



**In 2012 as the economy improves and the demand for manufacturing capabilities increases it will become necessary for companies to develop a Lean Supplier Partnership.** Many contract manufacturers / machine shops will have limited capacity and will have the ability to pick and choose customers who value them more and partner with them for a brighter future.

Most companies struggle to move lean beyond the four walls of their businesses and with their supply chain during a lean transformation. A large performance gap exists between those companies that are simply using Lean techniques on their own shop floor versus those that have built a culture based on Lean thinking partnerships with the supply chain. Many companies have never ventured to the great world of the unknown related to developing a "Lean Supply Chain Partnership", but for organizations to reach breakthrough levels of performance; **developing lean supply chain partnerships is critical to sustain profitable growth.**

There are many companies who state they are Lean, but are sticking with the traditional purchasing model and promote the idea that buyers and suppliers as adversaries and/or competitors. In this setting the supplier is trying to win the work, but still make a profit, while the buyer is focused on the lowest price possible and does not care if the supplier is profitable or not. In the traditional purchasing process the buyer continually is applying pressure to the supplier, and the supplier realizes overtime there is no way to meet the buyer's demands without sacrificing something. Ultimately, at least one of the organizations loses, and most times both organizations lose, as it is usually more expensive to qualify a new supplier or land a new customer, rather than work with the current one to improve relationships and develop a "valued" partnership.

**However, at Leanovations we teach and coach a "Lean buyer-supplier model" is one of cooperation that looks to build a "Lean Supply Chain Partnership" where the buyer and supplier are partners.**

If the buyer succeeds, the supplier succeeds. The key to lean supply chain partnerships is honest and accurate communications and visibility. Suppliers must be able to "see" into their customers' operations and customers must be able to "see" into their suppliers' operations.



Organizations within a lean supply chain partnership are able to leverage their own lean transformation more easily, delivering better customer value by responding more efficiently, quickly, and predictably to customer needs. Entering into a Lean Supply Chain Partnership must create value for both the supplier and buyer. To accomplish this, it is important that the supplier be given the tools and incentives to succeed. The buyer's goal is no longer to maximize its own profits and minimize the profits of the supplier. Instead, **both organizations must work toward increasing total value,**



creating a virtuous cycle that ultimately translates to superior financial performance for both organizations.

Leanovations enjoys a relationship with a number of companies where we have helped develop their Lean Supply Chain Partnerships for profitable growth. To learn more about how Leanovations may assist you on how and when to begin and implement lean supply chain partnerships please contact us at [info@leanovations.com](mailto:info@leanovations.com) or call us at (860) 479-0293, visit our website at [www.leanovations.com](http://www.leanovations.com).

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## Should You Hire a Lean Teacher in 2012?

Are you fully satisfied with where your company is, and where it is going or how it is going? Do you feel that even though everyone is working hard, the company is still not at peak performance? Maybe it is time for a Lean teacher/coach, an ally who can help you sort through where you are and help guide the organization in building a team to get you where you want to go.

In the world of Lean consultants, there are three basic styles: the **Expert style**, the **Doctor-Patient style** and the **Process Sensei style**. Sensei is a Japanese word for Teacher. When companies decide to begin Lean, it is highly recommended to bring in outside help using consultants that specialize as **Process Sensei Consultants** who utilize Kaizen team approach. Kaizen is the Japanese word for continuous improvement.



In the **Expert style**, the client diagnoses the issue and the consultant resolves it with little or no help from the client. With the expert style the consultant owns the "problem" and solution and leaves it up to the client to implement. The **Doctor-Patient style** is a bit more interactive wherein the client (patient) describes the problems/symptoms and then the consultant (doctor) diagnoses the issue and decides on the solution. Again the consultant owns the solution and the client is responsible to implement. The **Process Sensei style starts with the development of an equal "Partnership"** between the client and the Sensei/consultant with the understanding that the client "owns" the problems and together they must develop and deploy the solutions. **Together, the client and Sensei/consultant form a "Lean Partnership" to diagnose the problem (opportunity) together through cross functional teams (Kaizen Teams),** develop and implement solutions, measure the results and build on the success.

**At Leanovations, we fully subscribe to the Process Sensei style, and model our teaching and coaching after the Toyota Production System (TPS). We believe that in order to help our "Lean Partners" to be successful, we must teach and coach the Lean tools/techniques providing examples of success that they can build upon.** Ultimately, we need to engage and empower the employees by asking the challenging questions designed to pull the teams together. Once companies begin successfully conquering the opportunities for improvement through Kaizen events, these "**successes**" will fuel a culture necessary to sustain the gains. After all, the companies that are truly successful with Lean are the companies that understand **Success is 90% culture and 10% tools.**



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To learn more about Leanovations go to: [www.leanovations.com](http://www.leanovations.com) or to discuss how we may be able to assist your organization contact us at [info@leanovations.com](mailto:info@leanovations.com) or call (860) 479-0293.

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## Leanovations Announces Upcoming Workshops.

- **2-Day Going Lean to Green (L2G) Workshop**
  - February 21-22, 2012 (Tuesday & Wednesday)
- **2-Day Root Cause Corrective Action (RCCA) Workshop**
  - March 14-15, 2012 (Wednesday & Thursday)
- **2-Day Leanovations Leadership Sharing Conference for Top Managers/Executives** (visit, meet and hear from other top managers of Leanovations "Lean Partners for Success" and how they are implementing Lean in their organizations)
  - April 4-5, 2012 (Wednesday & Thursday)
- **4-Day Leanovations Lean Leadership Certification (LLC)**
  - May 21-24, 2012 (Monday-Thursday)

To learn more about the workshops or enroll in one, please go to [www.leanovations.com](http://www.leanovations.com) or e-mail us at [info@leanovations.com](mailto:info@leanovations.com)

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