

Lean Thoughts

Inspired People

Robust Processes

Lean Operations

May 10, 2004

For all **Consortium** events – Contact Richard for more information.. For other events – contact directly

Important Consortium Dates to add to your calendar

The **Team Time** schedule has been established for the coming year. Team Time will start at 1:00pm at the host company. This will allow for folks to work with peers in the host site to collaborate, facilitate and implement ideas to advance the implementation of manufacturing excellence. *Participants should be prepared to work on the shop floor and come equipped with proper PPE.* The host site will advise 1 week in advance Team Time Projects. Part of the Team Time activity will include a plant tour.

- May 13, Team Time, Stackpole AGD**, contact Cindy Grolleman, cindyg@stackpole.ca
- May 18 - 21, AME Pacific Rim Conf., Melbourne Australia**, info at www.x2xconference.com contact ame@pams.org.au for dialogue
- June 10, Team Time, Stackpole CSD**, contact Gerry Ward, gerryw@stackpole.ca
- July 08, Team Time, Eaton Cutler-Hammer** contact Joe Fisher, JoeRFisher@eaton.com
- August 12, Team Time, Messier-Dowty**. contact Richard Evans, Richard.Evans@Messier-Dowty.on.ca
- September 09, Team Time, CGL Manufacturing** contact Dave Desker, daved@cglmfg.com
- October 14, Team Time, CTS Corp.** contact Bob Garces., Bob.Garces@ac.ctscorp.com
- October 18-22, AME Annual Conference, Cincinnati**. contact www.ame.org for details
- November 06, Consortium ShareShowcase, Eaton Cutler-Hammer** contact Joe Fisher, JoeRFisher@eaton.com
- November 11, Team Time, Morrison Lamthe**. contact Tony Vita, tvita@morrisonlamthe.com
- December 09, Team Time, Inscape**. contact Joe Cyr, jcyr@inscapesolutions.com
- January 06, Team Time, Alumabrite Inc.**, contact Richard Kunst, Richard.Kunst@Kromet.com
- February 10, Team Time, Kromet International**. contact Richard Kunst, Richard.Kunst@Kromet.com

Specifying & Creating Value and New Product Introductions Turn Customer Dreams into Reality

The first Lean Principle states we must **“Specify and Create Value for the Customer”** in order to become a more competitive organization. There are four key words in this statement that carry a lot of meaning:

1. **Customer:** Whether this is your immediate customer, or the eventual user, this is the group which eventually pays your company for the product or service you provide. If

you are in the business of providing the wrong thing, your business will not be successful.

2. **Value:** As subjective as it may seem, value is always defined by the customer. Always! It doesn't matter if your product is stronger than the offshore competition, it doesn't matter if you have more features, it doesn't matter if your company has a long, proud, (occasionally arrogant?) history. The customer will determine what they consider value, and select the product they prefer based on the options they have today.

3. **Specify:** We need to understand and clearly articulate exactly what the customer needs. Still, it is not enough to be the best in the world at what you do, you have to be in the right markets as well. Remember Beta Video tapes? 5 ¼ inch floppy disks? Rotary telephones? Ice boxes? 2 person buck saws? ...at one point, somebody had to be the best in the world for making all of these things, and hopefully they were proud of it. Eventually, however, the company had to change with the times, or the times changed them.

4. **Create:** Once we specify what value is, how do we then create this new value for our customer? First, we analyze the existing process to focus on what the customer wants (value for them), and to reduce or eliminate things we do that the customer does not want to pay for (double handling, defects, etc). This has to apply immediately to the existing products you produce. Second, we have to formalize and establish the process to introduce new products into your facility. Whether your company introduces 4 new products a year, or 4 new products a day, there are some very specific techniques used to keep things on track.

New Product Introduction: Planning is absolutely essential...yet we cannot predict everything (especially for a new product). The best we can do is to create a formal process to plan, execute, and review our new product introduction activity. Built into this process is the capability to assess risk, including the criteria to determine the “unthinkable”: pulling the plug on a project that would consume more company resources (money, time, etc) than it would ever pay back. If the concept of New Product Introduction starts to get a little scary, that's OK. Just think about the benefits of getting your organization “there” first. This vision will assist the development of your new product introduction process. And remember: “their” is always specified by the customer! So we need a New Product Introduction process that listens close enough to figure out where “there” is. (*Submitted Solutions Plus from the EMC newsletter*)

Improving Safety in Plants and Offices

I know every leader who is reading this newsletter has some form of business plan for 2004. It probably includes cost and quality initiatives and perhaps a number of human resource projects. But, does it include specific safety goals and plans?

Lean Thoughts

A fundamental requirement of any leader is to ensure employees of the organization are safe on the job, yet, not many organizations have specific plans to improve their organizations safety performance.

Why is safety relevant to Lean manufacturing?

The best lean organizations establish the company's foundation on the basis of sound human values. The leadership operates on the assumption that to be competitive in the marketplace they must find ways to tap into the vast pool of talent, brain power and creativity in the workforce. In other words, the goal is to get people involved in the business, particularly in those decisions that affect their own work places, and at the same time increasing work-related job satisfaction.

This lean approach is consistent with a safe work environment. They come from the same place. If top leadership considers safety to be the organization's overriding priority, and also expects that every accident can and must be prevented, then they most likely know the value of involving people in the improvement process and consider their workforce to be the ultimate competitive tool.

Leaders must be committed to providing a safe work environment for their employees.

General Motors has become the safety leader in the automotive industry and has made remarkable progress in the last few years. Now, the rest of industry is now trying to catch up. The facts were documented in an August 14, 2003 Bloomberg article about worker injuries. GM reduced the Lost Work Day case rate from 4.5 per 100 workers in 1993 to 0.26 in 2002 - the industry leader and approaching all-time benchmark records!

The following six strategies form the foundation of GM's success in improving safety:

1. Top company leadership must consider providing a safe work environment to be their top priority. Reductions in Lost Work Day (LWD) case rate and Recordable Injuries is how progress is measured. Leaders provide the vision, the resources, and the incentives for others to achieve results.

LWD benchmark is held by Alcoa at 0.16 per 200,000 hours worked. Recordable benchmark is held by DuPont at 1.80 per 200,000 hours worked.

2. Safety initiatives and results should be tied to the company's business plan with measurements clearly defined and performance rewarded.

3. Recognize the positive changes in individual behavior. Personal recognition (as opposed to financial reward) based on values and principles is needed frequently to

reinforce behaviors. It has the ability to change corporate culture permanently.

4. A systematic approach to safety is required. This includes such things as education and training, common safety elements and procedures that are standardized and inspected, early involvement of team members and the union, and a solid communication plan.

5. Get first-line supervisors actively involved - they are critical to the safety process. Their attention to detail and to their safety responsibilities will contribute greatly to ensuring a safe, productive environment for all employees.

6. Establish specific elements in your safety plan. Here are the ones GM is establishing in every plant.

a. Monthly Plant safety Review Board Joint Meetings b. Leadership Safety Reviews - 2 times per week c. Safety Action Database d. Plant Staff Safety Audit Module Assignments e. Weekly Structured First Line Supervisors tours f. Daily Plant Staff Recordable and Lost Work Day Review g. Monthly Safety Talks for Team Leaders h. Weekly Departmental Safety Information i. Departmental Safety Action Teams which meet weekly j. Yearly GM/UAW Joint Safety Audit k. Yearly Safety Training Requirements Database (reviewed monthly with staff) l. ISO 14001 Process m. Ergonomic Team Data Base for all jobs n. Annual "Take Shelter" and Evacuation Drills o. Departmental Common Safety Boards p. Performance Management Process Safety Metrics q. Fork Truck Elimination Initiatives r. Fork Truck/Pedestrian Safety Task Force s. "I Care" Approach to Recordable Injuries t. Corporate Safety Incident Voicemails.

Forklift trucks and shop-floor pedestrians are a dangerous combination. Serious accidents occur all too frequently between them. Because of this problem every GM plant worldwide is eliminating these vehicles as the method of delivering material to our manufacturing and assembly operators.

Until I used the above strategies as part of my role at Saturn, I didn't know that forklift drivers themselves get injured regularly. Do you know what type of injuries they get?

Our team investigated and documented every recordable injury that occurred to a fork truck driver and discovered the most common injury is a sprained ankle or knee received when getting on and off their trucks. (Drivers also receive neck and back strains when driving in reverse)

Until we can eliminate fork trucks, each driver now gets trained on the proper method of mounting and dismounting a fork truck. Injuries have been reduced by over 75%.

MANY THANKS to Bob Blankenburg, John Ciupak, Troy Comiskey, and Cassandra Xavier for their helpful ideas and editing support.