

# Lean Thoughts

Inspired People

Robust Processes

Lean Operations

## September 20, 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.

- September 25, Consortium ShareShowcase, Eaton Cutler-Hammer** contact Joe Fisher, [JoeRFisher@eaton.com](mailto:JoeRFisher@eaton.com)
- October 14, Team Time, CTS Corp.** contact Bob Garces, [Bob.Garces@ac.ctscorp.com](mailto:Bob.Garces@ac.ctscorp.com)
- October 18-22, AME Annual Conference, Cincinnati.** contact [www.ame.org](http://www.ame.org) for details
- November 11, Team Time, Morrison Lamthe.** contact Tony Vita, [tvita@morrisonlamthe.com](mailto:tvita@morrisonlamthe.com)
- January 06, Team Time, Alumabrite Inc.,** contact Richard Kunst, [Richard.Kunst@Kromet.com](mailto:Richard.Kunst@Kromet.com)
- February 10, Team Time, Kromet International.** contact Richard Kunst, [Richard.Kunst@Kromet.com](mailto:Richard.Kunst@Kromet.com)



## Consortium Practitioner Circles

- o **Creating Cells and Flow Synchronization, Host Kraft, TBA** contact Hanif [hivrage@kraft.com](mailto:hivrage@kraft.com)
- o **Advance Part Quality Planning (APQP) or new part introduction Host, CFN Precision Sept. 20,** contact Barry Wood [bwood@cfn-inc.com](mailto:bwood@cfn-inc.com)
- o **Creating the Visual Factory host, Eaton Cutler-Hammer, Sept 09** contact, Joe Fisher [JoeRFisher@eaton.com](mailto:JoeRFisher@eaton.com)
- o **Effective Health & Safety host Alumabrite date TBA** contact Bob Krosue [Bob.Krouse@alumabrite.com](mailto:Bob.Krouse@alumabrite.com)
- o **5S+1 Implement, Enhance and Sustain host, Nestle Waters** contact Mariela Castano [mcastano@perriergroup.com](mailto:mcastano@perriergroup.com)
- o **First Time and Sustainable Quality host, CTS of Canada** contact Bob Garces [Bob.Garces@ac.ctscorp.com](mailto:Bob.Garces@ac.ctscorp.com)
- o **Hyjunkia & Creating the Lean Office host, Kodak of Canada** contact Joanne Heighway [Joanne.Heighway@Kodak.com](mailto:Joanne.Heighway@Kodak.com)
- o **Advance Part Quality Planning (APQP) or new part introduction Host, Kromet International ,** contact Richard Kunst [Richard.Kunst@Kromet.com](mailto:Richard.Kunst@Kromet.com)

## Best Practices

### Some thoughts gleaned from the web

The following is from NWLean's Yahoogroups Lean Thread. This site allows readers to ask and respond to other's questions. You can access it at; <http://groups.yahoo.com/group/NWLEAN/>

The discussion was centred on incentives to suit the Lean Industry. Tom asked "what incentives should provide impetus for system improvement, encouraging cross-functional behavior."

Mark responded about looking at the big picture

"Avoid GwoP" management Goals Without Plans. A goal must be tied to discrete actions, or discrete problems that must be solved to reach it. Otherwise you are calling out a number like improve by 30% and hoping enough people figure out what to do in order to hit it.

Once there are goals and plans (plans meaning that the discrete actions are defined, as well as in what order, when, how long, and what each will accomplish, with verification checks for all of the above) are set then you have an overall PLAN as in PDCA

Manage the same way you manage a production line. After all, this is the PRODUCTION of IMPROVEMENTS. It works the same way as PRODUCTION of PRODUCTS. And BOTH make money. You have to look at it that way, or things don't get done- and you don't find out.

So each day/week (depending on your level), do a check on progress.

- What did we want to do?

# Lean Thoughts

- What did we actually get done?
- What got in our way?
- What are we doing to recover to plan?
- What are we doing (learning) to prevent that problem with planning and execution?
- Is the result we got the same as the result expected?
- Why?

So goals and metrics are great for motivating a team giving them something to focus on but the need to be managed positively to galvanize learning and development. Otherwise you get the opposite of what you want.

We know less about incentives than we know about our solar system. Based on trial and error, here is what we do know ....

## 1. Think globally but act locally, well almost.

The great Dupont experiment on incentive pay (gain sharing) taught us that rewarding only for company-level performance can almost cause a mutiny. Look at how you are structured and tier incentives (company level, division or unit level, team or department level). However, try to understand the impact for creating global value versus moving your problems to other areas in the process.

## 2. Reward based on real, quantitative performance.

Forget the fluff. If you are not improving the big three (cost, time, quality) you are rewarding the wrong types of behavior in a market-driven economy. A more comprehensive way is to have a process scorecard. Measure: On-time; timeliness; quality; efficiency (cost); quality of work life, and innovation. Ensure that improvements in one dimension do not negatively impact others. Reward based on goal achievement or to the degree goals are achieved.

## 3. Ask your people what is important to them.

One group I worked with had a catalogue of rewards/incentives that made HR feel great, but the only one that counted in the eyes of the employees was the \$100 gift certificate to Wal-Mart. Another company has an incentive budget that is allocated to each unit. Departments decide what incentives best fits the culture of the teams, the geographic area, preferences, and other elements. If you have a young versus an aging workforce, this will play a significant factor in what is important to teams.

## 4. If your rank and file is formally represented, have early discussions with the union leaders

**about incentives.** Some unions have an "all or nothing" approach to reward systems (everybody gets the same thing or nobody gets anything). In the end you'll be glad you involved them. Don't be surprised if they pull out of company incentive programs near contract time, only to get back involved after the contract is settled (a leverage point used by some unions).

**5. Celebrate your successes.** Have a sharing day. Have a pizza party. Get the senior leaders involved. Write an article in your company newsletter. Post it on your web. There are lots of ways to share lessons learned. If your state has a team-based award program, apply. Sharing what you learned and accomplished can be a most satisfying way to provide incentives for your culture on a path of continual improvement.

**6. Don't reward on stock performance.** I can't believe that there are MBA programs still teaching the use of stock-performance incentives. We don't even know what drives stock performance. The case studies I've seen on EVA, RONA, Risk, etc., can give a mathematical indication, but there is as much science as there are emotions driving stock price. If you are going to use it, combine it with other performance factors (the big three) or a comprehensive scorecard (people, customers, financial, operations, innovation). Don't become an Enron!

**Confidence like art, never comes from having all the answers; it comes from being open to all questions.**

*Earl Gray Stevens*

## CONSORTIUM SHARESHOWCASE

Arrives this Saturday commencing at 9:00am concluding with a catered lunch at noon. See what teams at member companies have accomplished during the past year. Bring your spouse and children ... a special games room is being set-up to keep our young under-studies occupied during the event.

Yes, the place to be this Saturday is at Eaton-Cutler Hammer located in Milton .. contact your consortium director for free tickets, directions and guidance on how to cast your votes.