

AMGI Newsletter

Issue 5

About the Newsletter....

The AMGI Newsletter is published periodically and will focus on practical content in the areas of Strategic Trends, Business Transformation, Collaborative Product Development, Managing Change and Enterprise Management Systems. We will use our extensive international connections in industry, consulting, academia, Universities and professional association (SCPD, IMechE, IEEE, ASME, SME, CAMC) etc as well as our own consulting experience to keep you abreast of Strategic innovation trends.

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MAP....

Your Partner to advance capabilities and competencies in engineering & manufacturing

AMGI is pleased to announce our core involvement with the MAP initiative. The Manufacturing Advancement Partnership (MAP) is a far reaching industry-led initiative created for Canadian Small- and Medium-Sized Enterprises (SMEs) in the manufacturing sector. MAP is designed to enable SMEs to advance their competitive positioning. This is best achieved by moving up the value chain to product development and innovation. MAP works with companies on a customized basis to enable them to align their business strategic directions, their company capabilities, and their human resource competencies.

MAP matches each participating organization with a team of practitioner experts who work with the company's managers using the MAP Business Advancement Framework to facilitate:

- Assessment of the company's external business environment and internal capabilities (including technical and business capabilities and resources)
- Formulation of their strategic directions and identification of their key company capability and human resource competency requirements
- Development of their strategic action plans and initiatives to align key company capabilities and human resource competencies with the company's strategic directions.

MAP currently is undertaking a series of pilot projects to test and refine the MAP Business Advancement Framework with SME manufacturers in Ontario's aerospace and automotive industries. It is anticipated that this first phase of MAP will be completed in the spring of 2005. The second phase will involve the establishment of a prototype MAP Resource Centre to deliver the MAP Business Advancement Framework to SMEs in the manufacturing sector in Ontario.

MAP has been established by the Canadian Manufacturing Agility Forum (CMAF) with the following partner organizations:

- Automotive Parts Manufacturers Association (APMA)
- Ontario Aerospace Council (OAC)
- Canadian Manufacturers & Exporters (CME)
- Greater Toronto Skills Training Council (GTSTC)

MAP is funded in part by the Government of Canada and industry participants

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Getting Lean

10 Points to consider before embarking on your Lean Transformation

By Jamie Flinchbaugh -- Partner, Lean Learning Center

Today, we are bombarded with information about lean – what it is and about what lean tools can do. Still, there is very little practical information on how to implement lean transformation and lead the change. Every company's lean journey starts under different circumstances, so there can be no one recipe, no "right way." But, to ensure success, there are many factors to consider before embarking on your lean journey.

Whenever we visit with manufacturers, we do a quick survey. The first question is "how many of you have heard of lean?" Not surprisingly, every hand usually goes up. Even when surveying the financial community, more and more hands go up. Then we ask "how many of you are doing something about lean?" At that, the show of hands is cut in half. Many aren't doing a thing, usually because they don't know how to start or see too many barriers keeping them from making the commitment. The last question is the clincher – "how many would consider your lean efforts a raging success?" After this all-important question, we usually see no more than one hand go up.

So, why is it that such a low percentage of companies that know about lean turn it into a success? It's not because they haven't heard about continuous flow, or they don't know how to do the 5S's, or they've never seen a kaizen workshop. It is because the leadership, cultural, organizational and implementation challenges are much greater than they anticipate.

Someone, to whom we would give credit if we could, said wisely, "Experience is not what you've been through; it's what you take from it." The fundamental message is that every success AND failure should yield as much learning as you can wring from it. Focusing at all times on what makes lean transformations successful, we've compiled the following top ten lessons.

1. Rome wasn't built in a day

And neither will be your lean transformation. Lean is not a one- or two-quarter commitment. It takes one to two years to build the necessary momentum,

and from there your journey will last forever. Yes, tools such as kaizens can provide very quick and significant improvement but, without taking the time to implement a program that yields sustainable benefits, process improvements gained by lean tools will slowly deteriorate back to where you started. Significant and sustainable results will occur throughout the entire process, but the most profitable returns are realized through a two-to-five year plan.

2. Lean transformation is not a part-time job.

Don't expect someone to lead the lean charge in his/her spare time. You need to assign a dedicated leader or team to take on this challenge. It requires daily attention from leaders who fully understand the scope of the project and who won't get caught up in today's distractions. Most cultures are centered around solving today's problem, reacting faster and better, and getting results today or tomorrow. Stuck in that culture, it is hard for leaders to consider a multi-year journey – people need to be extracted to focus on a different timeline. In addition, these leaders require continued support from management throughout the implementation.

3. Lean is more than just tools

Lean is not born from what you see, it is born from how you think. Lean is a set of rules and principles, not just tools. Tools focus on physical system changes, but that is not where the heart of lean beats. The entire way of thinking must become embedded in every person of your organization. You may fix one problem or process with a lean tool today, but if the old thinking continues, it will recreate the old problems. Only new principles or beliefs change behaviors, not systems or tools. Sustainable lean change -- the kind that builds momentum -- comes from the mind and heart of all employees.

4. Lean is a journey that never ends.

There is a tendency for companies to declare "We've done it. We've achieved lean." The truth is, lean is a constant, never-ending process. You will always strive to be lean, but you will never get there, because there is always a gap between where you are and your ideal

state. If you believe that your journey has ended, you've failed. Even when you can consider yourself a success, do not stop. Success is an organization that continues to move forward at such a pace that it would be difficult to even try to slow it down. Consider Toyota – no matter how much better they are than their competition, they continue to find more and more opportunities to improve each and every year.

5. Be prepared for resistance

When change is proposed, people often feel threatened. Some will think it's because there has been something wrong with what they were doing, but most will just be uncomfortable with the unknown. So, as your company embarks on this journey, you must work to help people understand why, what and how. Remove the fears -- or make NOT moving forward the more fearful choice. Also, many people think lean means cutting staff, when in reality it's about working smarter to preserve heads and even grow the workforce through market growth.

6. You need leaders to take on this challenge, not managers

Managing is maintaining current reality. Leadership is moving people towards the ideal state. And you can't lead people to where they already are. Lean transformation is about leadership. And leadership is not a position or rank. Look for people at every level of the enterprise capable of this. If lean is about transforming thinking, then in order to lead lean, you must be able to teach.

7. Be prepared for the investment – in both people and time

People will need to learn new skills and they will need the time to gain them. This means experimenting with every process everyday to get it right. There is also a financial investment, mostly in training, but also in process changes. However, the evidence is clear that the payback for this period is in months and not years.

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Getting Lean (Cont'd)

You can use focused-improvement tools such as kaizens to get immediate gains and pay for your investment. The potential of difference between lean and non-lean companies is not 5-10 percent, it is 100-1000% differences in quality, cost, delivery and, of course, profit.

8. Lean is not just about the shop floor

Taiichi Ohno, one of the fathers of the Toyota Production System, said decades ago that “the Toyota Production System is not just a production system.” If you reduced your lead time in manufacturing by 90% and can get product out in hours, but order entry takes four weeks, then you aren't really moving forward in the market. You must attack every corner of the business from accounting to human resources to manufacturing.

9. There is no recipe, but there is a roadmap

A recipe tells you exactly how to do something – the amounts, sequence and timing. There is no such recipe for lean

different set of ingredients (or factors and constraints). However, there is a roadmap. There are guide posts along the way that help you determine where you are and offer potential solutions to help you get to where you want to go. Learn from as many other journeys as possible to help understand the roadmap.

10. Don't just copy the answers

Many people have tried to succeed at lean in the past by copying the solutions that Toyota or others have found, either through benchmarking or out of a book. The problem is, this is like a kid copying off someone else's test only to find out they were taking a different exam. Your company is unique and will likely have some unique problems and constraints – you must engrain lean thinking in your organization so you can find your own answers.

Never stop collecting the lessons you learn along your path to lean. Lean transformation is a long journey that will require you to collect experiences and reflect upon each and every lesson you learn along the way.

Tid Bits....

How can we come up with more/better new-product ideas?

Creativity is a highly admired trait. Most organizations wish they had more or higher-quality ideas for truly new products. Although you can learn and manage creativity, few managers are willing to invest what it takes to raise their level of creativity. Unfortunately, there are many obstacles to creativity in today's workplace. The biggest is perhaps simply the time available to create.

High-quality ideas take time to ferment; the best ones are seldom the first that come to mind, and pushing beyond the initial outflow is not natural. Motivation for high-quality ideas must be intrinsic. Paying bonuses for ideas fosters me-too excursions, not risky, breakthrough concepts.

The performance and metrics orientation of “best-in-class” companies encourages sticking to one's knitting rather than venturing into the unmeasured. We have seen several small, entrepreneurial organizations acquired by larger command-and-control organizations that then suffocate the very creativity they purchased. Luckily, you can overcome most of these obstacles with attention once you recognize them, and there are ways to stimulate organizational creativity.

If you plan to apply your creativity to new-product ideas, keep one other point in mind. Most organizations already have more new-product ideas than they can squeeze through their funnel. If you stimulate creativity without making other changes, this problem will become worse. You want higher-quality ideas, not more ideas. Along with enhanced ideation, develop more efficient front-end filtering mechanisms so that you can eliminate the weaker ideas earlier and faster.

AMGI Clients & Project News...

The Globe and Mail is undertaking a major initiative to implement 24-hour real time data dealing with the distribution of the newspaper country-wide. This is one of several ambitious and creative initiatives to continuously improve the circulation department capabilities. The challenge is to track newspaper data including print run, distribution numbers received, sold, return, wasted etc. This includes all processes along the supply chain from print plant, trucking, drop off points, **Boeing Arnprior is the first MAP assessment to be completed by AMGI.** A successful future state vision and directional plan was developed. Arnprior has been Boeings most highly rated internal supplier for the past 5 years.

Gay Lea Foods is one of Canada's largest dairy manufacturers. AMGI conducted a business process analysis of the core business processes including logistics, manufacturing, NPD and OE. Gay Lea Foods Co-operative Limited has been an all-important link between Ontario dairy farm operations and Ontario consumers for nearly half a century. Currently, twenty per cent of the province's milk producers are among its member-shareholder-owners. The cooperative consists of 1200 farms and 4000 members.

Teleflex Vancouver is a major engineering company manufacturing hydraulic and thermal technologies. AMGI conducted a mini review of their NPD process. Teleflex engineer and manufacture very complex machinery for a wide variety of industrial and commercial applications. **The Institution of Mechanical Engineers Central Canada Branch Nano-technology lectures are a great success:** A record number of members and guests have attended the first 3 lectures of a series introducing Nanotechnology and the impact it will have on Science, Medicine, environment, Technology and Commerce in the not to distant future. Credit must go to an excellent IMechE programme committee for the planning and attracting esteemed lecturers from N America **New book nears completion:**

“The Product Centric Enterprise – Virtual Product Development” a collaboration between Stephen Armstrong and Dr. Woody Sconyers, has reached the 1st draft review stage. The book will deal with designing the flexible enterprise using virtual product development technologies. Cambridge University Press anticipates the publishing date will be July 2005.

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