


Lean champions



*Lean is a commitment
and a continuous journey.
Barbara Axelson searched
for champions who keep
their companies on course*

Who are the lean champions? Jamie Flinchbaugh, partner at the Lean Learning Center (LLC, Novi, MI), says, “In the very best cases, the CEO is a driving force. But the main thing is to get it going, and next, to keep it going. You must be on the lean journey continuously, and you either are or are not. It can start with plant managers, process engineers, human resources, and even CFOs and controllers.”

“We began to implement lean more than 10 years ago with spotty successes,” says Michael Godek, vice president of manufacturing for industrial automation and controls group Invensys Process Systems (Foxboro, MA). “People would parachute in and go through kaizens and leave, and our people would say, ‘What was that about?’”

Godek, who ran a plant then, saw two false starts when the company was losing competitive traction and faced productivity and cost pressures. He recalls there was some pushback to changes.

“I made it an integral part of my operations; people didn’t like it at first. But we saw team-level improvements—24-hour deliveries, customer satisfaction. I use a lean consultant at manufacturing locations; each is challenged to improve year-on-year results against eight key metrics and to show the same level of improvement regardless of operational platform and products. The GMs look for more lean help, as the bar is raised every year.

“We’ve had excellent results achieving targets year-on-year,” Godek continues. “Fifteen percent improvement on COQ [cost of quality], 3 percent productivity improvement, 99 percent service level, 10 percent inventory turns improvement, 10 percent RTY [rolled throughput yield] improvement, 20 percent external PPM [parts per million] improvement, 6 percent savings on material and meeting or exceeding gross margin targets. We’re hitting on all cylinders.”

For several years service has been at 98–99 percent. The company’s Rocket Shipment program, which it deployed within its instrument division, allows customers to enter orders for 24-hour shipment at no premium and has helped reduce the need for external inventories at customer sites. Lean goes everywhere, automating shipping for thousands of instruments and systems components weekly.

Late in 2002, after reading books on lean manufacturing, Bob Finn wasn’t overly impressed.

The CEO of RSR Corporation (Dallas, TX), a leading recycler of lead-bearing materials, says, “Some companies touting it weren’t having success. I was a little ambivalent but felt we needed to look at it.”

Flinchbaugh and Andy Carlino of LLC went to the plant, went on the floor, and returned in 15 minutes to point out the inefficiencies in an operation that Finn had thought was well run.

He assigned several top managers to investigate. “They were wary, having previously gone through many ‘flavors of the month,’” said Finn. “Although they kept open minds, I knew if they said it wasn’t for us, that would be it. But, hands down, they agreed, ‘We have to do this.’”

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Still, the employees as a whole were skeptical. It wasn’t as if the company had no structure or processes in place, but as Finn describes, “We weren’t able to be where we thought we needed to be. We couldn’t convince people in a coherent way that it was a change in how we do business. We’d never looked at continuous improvement in our business by changing fundamental thinking, changing the culture.”

Finn says a year was lost because he tried to drive lean from the top. It ended up progressing more quickly from the bottom up, a shift that came when Finn guaranteed nobody would lose a job due to lean, which is a common fear. “People may think the biggest costs are labor and benefits,” says Finn. “It’s really your inefficiencies.” If employees found a way to restructure their work, eliminating hours, they were reassigned or put on lean teams.

Finn has observed buy-in across the company at its plants in California, Texas, New York, and Indiana. “We call our program “Journey to Excellence” because our vision changes each time we take a step. We learn from our mistakes and from each other. The guys on the shop floor as well as everyone else must continue to think and react differently to how we approach work.

“Lean isn’t a program or system,” Finn concludes, “but a way of life.”

“Lean is the answer,” exclaims Michael

Gerster, president of Lawrenceville, GA-based WIKA Corporation, global market leader in pressure and temperature instrumentation. As Gerster describes, a young procurement manager from a major customer needed a 25 percent price reduction and “told us he’d have to get it from us or someone else.”

“They thought they could get all their requirements from China. However, they learned that they needed WIKA for low-volume/high-variation requirements and that China was only good for their high-volume/low-variation demand.”

The customer called to tell Gerster that an order for 1,700 gauges came in wrong, and his company came to a standstill. But, Gerster believes, WIKA had shipped the correct material. Still, Gerster made new product, calibrated it, and shipped it in 24 hours. The price used to be \$1.90 but WIKA charged \$5.00 (plus about \$2,000 transportation). “I expected to hear back about the price,” says Gerster, “but we didn’t. That means he perceived value—we delivered value that was ‘priceless.’ We’re the alternative to low-cost, low-quality, low-supply-chain performance—that’s our future.”

Companies used to focus on batch manufacturing to minimize production costs, but as Gerster came to believe, power today is in the hands of customers: they want just-in-time delivery in small quantities. This is a chance for WIKA, in lean transition, to maintain a position supporting quality solutions and quick service. Customers buying from abroad often keep significant inventory to balance supply chain interruptions and to prepare for demand variations. Misalignments up- or downstream create excessive and obsolete inventory.

“When we were a batch manufacturer,” says Gerster, “our forecasts got worse and worse; frequently changing demand patterns rendered them unreliable. No matter how much finished product we had, it was often the wrong stuff; customers were never really happy with our agility to react to changing demand patterns. Now we count in days.

“True cost of ownership is misunderstood,” Gerster continues. “It’s not just low price. Purchasing may get bonuses for reducing price, despite the fact the total cost of ownership has risen. There are more elements: time, correct specifications, quality, customs (strikes), new vendor responsiveness. Lower prices come with long supply chains, which come with their own

problems. True cost of inventory factors in variables in every facility, running 20 to 25 percent annually. People aren't awake to this. They pressure us with a price supplier far away; that makes no sense. They can become loaded with flawed inventory.

"Lean must be top-driven. People say it's just another program if they don't see strong support from top management. On our 220,000-square-foot shop floor, no machine is in the same place that it was 18 months ago. We manufacturer 10 million units in small batches between 10 and 20 pieces—about 100 million components are moved."

Before the transition to lean, says Gerster, "I had a typical sales approach in everything—proud to come home with just one big order from a customer. Today we ask our customers for small but daily orders to synchronize production to true customer demand."

Still, offshoring can have its place in lean, notes Invensys's Godek. "A hurdle to overcome in lean is to decide in the global economy what to make and where to make it. Although we manufacture offshore as well as in the US, we have no people issues. Our people move up the value stream as we utilize less expensive labor elsewhere."

Godek points to China, where the full elements of lean never existed. "We reconfigured three major production floors and instituted elements of lean for 27 percent productivity improvement. We're leasing a new building built to specs. Through lean initiatives, we'll be ready for a smooth transition."

WIKA's Gerster says it depends on what you manufacture. "We have 30,000 products with 10 generic groups—billions of combinations. Customers develop new variations daily. If we only made one or two products, we could bring them from China. If you need five or 50 gauges tomorrow it's one thing, but if it's 5,000 each month, leverage it; take it to China."

Gerster believes in partnering with experts. "You have to trust the process and start doing it. TBM Consulting Group was extremely helpful to write the script for cultural change."

RSR's Finn concurs. "Andy and Jamie of LLC have been very good; they don't pull punches. I asked them to partner with our company and reinforce our Journey to Excellence culture shift. LLC now audits our facilities annually."

"Lean accomplishments brought new oxygen



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to this company," adds Gerster. "We exhausted the tools we had in batch. Lean re-energized the company and handed responsibility into the organization. Quarterly employee presentations, frequent meetings, weekly walk-throughs, and talks with supervisors and associates provide new levels of connection. You learn what your business is inside, making a bridge to where customers are, driving change to close the gap. Our nine manufacturing locations pursue this path."

At Invensys, employees get involved through a newsletter that provides levels of celebration and recognition of key lean wins, and the people involved are the best salesmen for the balance of the operation. A lean consultant, who spends two weeks each in China, California, and Massachusetts on a rotating basis, and a champion work together at each facility on process mapping, kaizens, 5S, and re-layouts.

"There's a competitive spirit among plants," explains Godek. "We rotate a meeting of GMs and materials people and visit each other's facility every six months to study programs and do assessments of how lean is working. It generates a good level of velocity and overall team buy-in to the power and delivered results from lean manufacturing." ■

Above
Looks simple, but the Lean Learning Center's "Mouse Trap Experience" simulation is designed to teach lean principles



WIKA Instrument Corporation, located just outside Atlanta, is the world's leading manufacturer of pressure and temperature instrumentation. In 5+ years, WIKA has held over 400 kaizen events with results of improved productivity by 20-40 percent, slashed lead times from five weeks to five days, and at the same time have found floor-space savings equaling nearly 12,500 square feet and added 6 new production lines for new products.

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