

# MERt Lean Manufacturing

## June 1<sup>st</sup> 2004-06-02

### Notes from the Roundtable.

A copy of the introductory power point presentation is available, please contact Peter Charlton.

#### **TALK # 1 – Dave Bird. The Wrigley Company.**

The following notes were taken from Dave's talk and the questions and general discussions that followed. The points below include comments made from the roundtable members.

- Wrigleys in Australia is the first in the Wrigley group to hire a 'Lean Coordinator' but the other firms around the world are following out lead.
- Lean is easy to implement but hard to sustain.
- We have a 3 year plan for Lean Implementation.
- We are using the "Lean House" model (foundations then all the tools).
- We have been doing it for 18 months now.
- Direct bankable savings are there but hard to see yet. The best ones include waste savings and water use savings. These are starting to pay for the program.
- There are no global targets for Lean implementation.
- When we started there was an expectation of it being in place in 12 months, but now we understand much more about what lean is.
- Globally Wrigleys has appointed a Lean Manager.
- Every factory is doing their own thing at present because the different factories have different needs.
- Some of the intangible benefits include improved morale, much greater empowerment
- Some of the quantifiable benefits are improved safety and lower WIP and F Goods.
- We use a consultant who spends a couple of days / month now. He trains our Coordinator and sets up the auditing systems.
- The main challenge is how to sustain the changes we have seen.
- Culture does not change quickly.
- Some people left because they could not cope with the change that our move to lean meant for them.
- Lean is not about firing people. There is a need to make this clear to employees.
- We are now doing a lot of EQ (emotional quotient) training and awareness now.
- We are working on Breakthrough management.
- We were able to get a lot of improvement in the productivity of the fork truck moving materials into the production areas. There is now much more room.
- A first run 5S program should be able to find excess apace of 20 to 30 %.
- 20% was found at Lidcombe.

- We (?) are reducing Finished Goods from 25 to 15 days in the first step.
- Nestle are focussing on the internal customer – supplier relationship.
- Training in the lean tools requires talking people off the floor but the training must be practical and often the group will go back to the floor for practical examples to support the theory.
- Pandrol have cut WIP from some \$500,00 to \$60,000.
- Lean is CUSTOMER FOCUS
- Lean is THE CUSTOMER DOES NOT WANT TO PAY FOR THINGS HE DOES NOT WANT OR GET. This means he does not want to pay for your unsafe factory, he does not want to pay for lots of WIP on your floor.
- Lean is STRIPPING OUT ALL THE WASTE.
- Lean may involve adding cost if it gives the customer more.
- Lean includes reducing the “cash to cash cycle time”.
- Jim Womack reports that stripping away steps and safety factors in a situation where the process steps are not stable (or where there is low Operational Availability) is an exercise in frustration.
- Operational Availability is a key = Ron Moore says “Don’t try to be lean without having reliability first.”
- Operational availability takes into account all down time/breakdowns, change time, minor stoppages, cycle time less than optimum, less than first quality in first pass.

## **TALK # 2 – Glenn Fountain – Nestle Purina.**

The following notes were taken from Glenn’s talk and include the general discussions that followed. The points below include comments made from the roundtable members.

- At Nestle Purina we have an Industrial Performance function.
- There is a Zone IP Manager.
- The role in the factory is one of Mentor and coach to the teams. The task is to give the teams the resources to solve their problems.
- The Factory Manager sets the IP priorities.
- Nestle now have Mini Business Units , this is a key to involvement.
- There is lots of Overtime at present
- It was suggested by some members that there is an expectation that engagement may fall when O/time falls.
- At Weir Warman we have moved from making to stock to making to demand, this has meant less O/t and it is causing a major problem with holding the engagement of employees.
- Gain sharing is a method that Precision Valve uses.
- As time passes privileges become rights and bonuses become entitlements.
- Several members reported loosing commitment and engagement as O/t fell.
- One member (?) went to annualised salaries. This worked very well people were getting the same money for less hours, but now the expectation is that they are being over worked. The change was good for a while but ....

- Non monetary rewards are used by some firms but there is a need to constantly renew the incentives and rewards on a 2 to 3 year cycle.

## **TALK # 3 – Jeff Laidlaw, General Manager Operations Asia Pacific. Dexion Australia Pty Limited - Value Stream Mapping**

See [www.sirfrt.com.au](http://www.sirfrt.com.au).

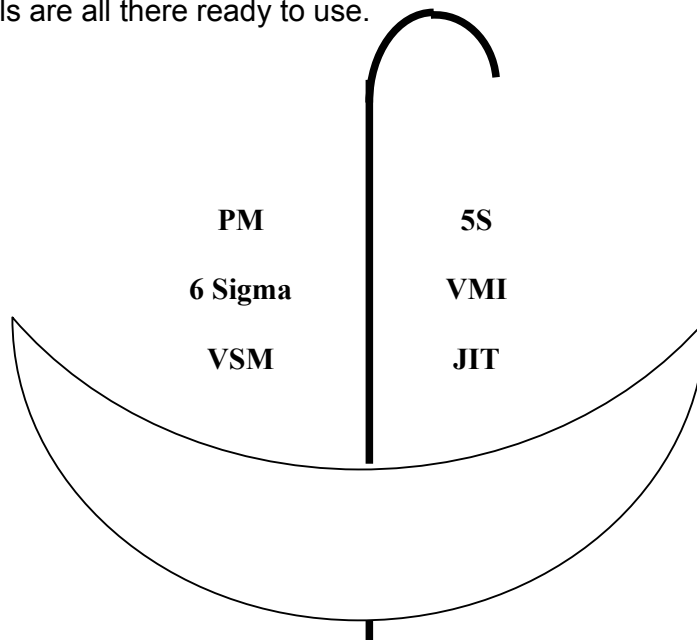
**The Roundtable split into two groups to develop more detail on what to do to implement Lean and what are the critical areas. The following are notes from their work.**

### **Group 1.**

- There is a need for 5S.
- Sustainability is the crux.
- Empowerment is critical (How far do you go)
- Must make time. (You can't do it without making off line time).
- There needs to be buy in at all levels.
- There needs to be a budget (money available)
- There does not need to be a ROI. It is like a religion you need it because.
- It is like Safety. (The issue is not how much we can save on our Workers Comp, it is we do not want any accidents on our site.)
- There must be a long time span (culture change does not happen over night.
- There is a need for KPIs and Auditing of the move to lean process. The auditing is of the process not the outcomes of lean.
- The "House of Lean" is a useful tool.
- Visual aids are important.
- For spreading the word.
- Prioritising is important.
- Customer pull us a key that needs to be kept in the front of mind.

## Group 2

- Networking
    - learning who's where and knows what
    - learning what works
  - Understand the business needs
    - Symptoms
    - Goals
    - Prioritise
      - \$
      - waste,
      - compliance
  - Techniques – No easy one fix.
  - VSM = simple quick, gains support, real outcomes
  - 5S = first step. Mark a step change, engages workforce.
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- The tools are all there ready to use.



**Both groups had SUSTAINABILITY as a key.**

## **Both groups had SUSTAINABILITY as a key.**

What is sustainability?

Sustainability is keeping the engagement and motivation of employees.  
Sustainability is keeping the momentum for improvement.

Sustainability was chosen as the theme for the next Roundtable with the following as potential subtopics:

- To pilot in one area or jump right in?
- Sustaining motivation.
- Incentives \$
- Incentives non \$
- Gain sharing
- Overtime / No overtime
- Cycles of change
- Privileges become rights & bonuses become entitlements.
- Auditing the Lean process
- Was the change pushed or pulled.
- The philosophies of MBU.

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The next Roundtable:

**August 17<sup>th</sup> 2004 - “Sustaining Lean’s Gains”**

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The Common Interest Work Group (CIWG) topic for the remainder of the year is: **5S**

- The CIWG will be of special relevance to those member firms where the 5S program is in place.
- The participants will be 5S Team Leaders.
- The CIWG will meet at members’ sites.
- It will involve 4 to 6 meetings each of 3.5 to 5 hours duration. (The number of meetings will be determined during the first session when the topics for the subsequent meetings are chosen.)
- At the first meeting each firm will present the status of its 5S program and an example 5S project. The presentation will be 10 – 15 minutes for each firm and may include photographs and handouts of example forms and process materials.
- The presentation on the example project is likely to include a description of: the team who did it, the support systems, the training provided, the gains made, how we plan to move from the forward.
- At the end of the presentations the group will discuss and identify the issues that need expansion and the learning needs of the group. These will be the topics for the rest of

the CIWG sessions. Different members of the CIWG will take different issues and give a brief talk on them in the subsequent sessions. It may be that some of the sub topics in the GIWG are the same as the topics discussed in the next Rt, but the two discussions involve different levels from member firms.

The key to the CIWG is sharing and learning between members.

## Attendees June 1<sup>st</sup> 2004

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Baxter Healthcare	Katherine Garbutt Production Planning Manager)	1.
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Nestle Purina	Greg Goodlock	13.
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Carter Holt Harvey	Tim Slade - New Zealand	21.
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