



Welcome...

Continuous improvement, the pursuit of perfection — the key concepts of this month's topic — Lean Thinking.

To truly succeed in today's global economy, business leaders and those who advise them must change the way they look at their enterprise. *In effect, if it ain't broke, break it.*



Mill Brown returns this month with an excellent primer on Lean Thinking. This month's Q&A features Karl Walinskas, an expert in Lean Manufacturing. Finally, please take a look at the great article from Toyota regarding the human resources aspect of Lean Manufacturing.

Any suggestions on future topics? Please write to me at tjbeane@beaneassociates.com. For additional information on us, visit www.beaneassociates.com

On behalf of everyone at Beane Associates, Inc. I want to thank you once again for your support of our firm.

Sincerely,
Tom Beane, *President CMC CIRA*



Tip Sheet

Five things to remember when implementing Lean in your company.

1 Management Must Be Committed. Lean is a fully integrated philosophy, not just a concept. It needs support from top to bottom. If you as CEO do not embrace it, it will fail.

2 Organize, Organize, Organize. Mom was right! A place for everything and everything in its place. Eliminate unnecessary steps and motions. If it does not add value, get rid of it.

3 Think Throughput. Customers continue to demand goods and services on time — and faster. Only by eliminating wasted actions and procedures can you keep up with customer demand.

4 You Aren't "Special." Every company thinks they are different, "we have no waste, no quality problems, just the right amount of inventory, etc. etc." Believe me, there is always a process or system that can be improved by eliminating waste.

5 Keep At It. Yes, it is daunting and painful — change always is, but the pursuit of perfection is a marathon, not a sprint.

Lean Thinking By Millard D. Brown II

Millard D. Brown II is a managing director of Beane Associates, Inc. Based in Atlanta, he has more than 30 years of experience developing and implementing crisis and change management for both public and private companies. Before joining Beane Associates, he was an executive with GE and Hercules, Inc.

How do businesses run into trouble? It often boils down to one word: *waste.*

How can businesses get out of trouble? *Eliminate waste.*

Solving the problem, unfortunately, isn't quite as easy as identifying it, but there are some basic principles that can point almost any business in the right direction.

And those principles can be boiled down into two words:
Lean thinking.

It all comes down to this: No matter what the business, every system, whether it's manufacturing, transportation, purchasing, human resources or accounting, consists of a series of procedures. And virtually every set of procedures can be streamlined. Lean thinking is all about getting rid of unnecessary steps and motions, getting rid of any piece of the process that does not add value to the final product. It's about making what you need, when you need it, rather than stockpiling huge inventories that take up valuable space and might not ever be sold.

Lean thinking is not an exciting exercise. Rather, it's a bit like organizing your closet.

You're getting rid of the things you don't need and making sure everything that remains is in its proper, well-identified location. There's nothing exciting about that — but you'll be pleased when you can find what you're looking for in 30 seconds or less.

It's the same at work. As an executive, you don't want to handle a paper more than once — and you don't want your accountants or HR managers to do so either. Nor do you want the workers on the assembly line or the packing clerks in your distribution center to handle the same part twice. Nor do you want your administrative assistants to print out and distribute dozens of copies of reports and meeting minutes when you know quite well that hardly anybody is going to read them.

The recognized experts on the subject are James P. Womack and Daniel T. Jones, whose book "Lean Thinking" shows how Toyota moved to the top of the automotive world by transforming its processes from mass production to lean production.

Womack and Jones summarize lean thinking in five principles: "precisely *specify value* by specific product; identify the



value stream for each product; make value *flow* without interruptions; let the customer *pull* value from the producer; and pursue *perfection.*"

There's far too much in "Lean Thinking" — both case studies and explanations of principles — to summarize in this space, and the book belongs on the must-read list of any manager who cares about reducing waste and getting the most out of a company's employees, equipment and raw materials.

Getting started on the lean process can be a bit daunting because it often means throwing out systems that have been in place for years, systems that have given everyone on the team a real comfort level — whether they're working or not.

But thinking lean can also be liberating, because it invites everyone to carefully examine existing processes and think creatively about how to improve them.

Managers seeking to improve their businesses through increased efficiency may realize they cannot achieve all of their objectives at once. If that's the case, don't delay change; rather, select the steps that are most important to you and start with them.

Once you get started, you'll keep on working on ways to get better — for you'll be following the fifth principle of lean thinking: "pursue perfection."

In your pursuit of perfection, here's a great thought to keep in mind: No matter how many times you improve an activity to make it leaner, you can always find more ways to eliminate effort, time, space and errors — more ways to eliminate waste.

To learn more, visit www.lean.org

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Q&A With Karl Walinskas

Karl Walinskas is vice president of the Engineered Material Handling Solutions division at O.A. Newton, a Delaware-based firm that specializes in delivering smarter material handling solutions for manufacturers in the plastics, composites, rubber, food and other powder-challenged industries. He is a former trainer in lean manufacturing techniques.

How do you explain lean manufacturing?

Lean manufacturing is just a nice name for smart engineering in all facets of the business. It starts with the lean philosophy — you want every step in the process to add value to your product, and you want to eliminate the steps that don't.

What companies are most likely to benefit from learning lean techniques?

It can be beneficial for manufacturing businesses with \$5 million to \$50 million in revenues, anywhere from 20 to 500 employees. These companies are often behind the curve because they don't have large teams of engineers to keep them ahead.

Some of these companies have been around since the days of Henry Ford, essentially doing the same thing year after year, then all of a sudden wondering why they're challenged and their profit margins are eroding.



When you take a closer look, you find antiquated systems, antiquated processes and people who basically spent their entire life inside the same company and don't know any different.

What's the risk to companies that resist lean techniques?

They can fall behind, and start losing market share. If they have to start laying people off, employees get confused and angry. They might think management screwed up but they don't see that it might have something to do with the fact that it takes three days for them to bend a piece of metal instead of three minutes.

Every company thinks they're different, that they have different problems, that their process is sacred. Very little of that is true. All companies make stuff, whether it's a product or a service, hardware or software; you can rip out the inefficiencies, get rid of waste, get rid of useless paperwork.

When you worked as a trainer, was it hard to convince employers and managers to make the transition to lean?

Sometimes it takes a lot of time. It's particularly difficult when you've got employees who've never worked anywhere else, who haven't seen that there might be better ways to do things. If they don't know any better, they think that everything is working fine.

Tell me what O.A. Newton does and why it adopted the lean philosophy.

Our business is moving stuff, large quantities of stuff. About 75 percent of our business is in bulk solids. When you see great big silos along the side of a plastics plant, the silos are ours, and so is the entire system that takes raw materials out of a rail car and puts them in the silo and mixes them and blends them inside the plant. We also have an irrigation division that provides systems that moves large quantities of water for farms, schools and horseracing tracks.

Read the full story at www.beaneassociates.com/newsletters.asp

To learn more, visit www.oanewton.com or www.demep.org

Write to me at karl.walinskas@oanewton.com

WWW. On Our Web Site

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An overview of what causes companies to fail. Tip Sheet and Warning Signs to stay out of trouble. An excellent resource for CEO's and those who advise them.

[An Inside Look At Occupational Fraud](#)

An estimated 6% of corporate revenues are lost each year to occupational fraud. Find out how to protect your company. Excellent tips for bankers and management.

[An Introduction To Advisory Boards](#)

How do you keep the turnaround going once the crisis is over? Advisory Boards are an excellent tool to do just that.

<http://www.beaneassociates.com/newsletters.asp>

Toyota Production System: Lean at its Best

With first-quarter figures showing that Toyota is poised to overtake GM as the world's top automaker this year, it's an appropriate time to consider how Toyota views an essential component in lean manufacturing — people. Here's an excerpt from "The Role of Management in a Lean Manufacturing Environment," an article first published in 2001 by Gary Convis, president of Toyota Motor Manufacturing Kentucky.

One of the fundamental elements of the Toyota Production System (or any lean manufacturing environment) that management must be fully committed to is the "customer-first" philosophy. Typically, organizations envision the customer only in terms of the person who purchases the final product at the end of the process. TPS has a different view.

Essentially, each succeeding process or workstation or department is the customer. In a Toyota plant, we work very hard to ensure that all team members and all departments realize their dual role: they are at once the customers of the previous operation and the suppliers to the next operation downstream.

For this concept to flourish, there must be no artificial barriers walling off one area from another or one department from another. Rather, the entire organization shares problems and must work together to ensure that a solution is found. Therefore, it is critical for the successful implementation of TPS that all managers



support this idea and aggressively seek to solve problems, even if they are not directly within their scope of control. This all-hands-on-deck attitude is essential in a TPS environment.

The Toyota Production System is an integrated and interdependent system involving many elements. I like to think of it as a triangle, where one side is philosophy, one side is technology, and the other side is management. Cradled in the middle of the triangle is what TPS is really all about — people. Human development is at the very core of TPS.

To read the entire article, go to: <http://www.sae.org/manufacturing/lean/column/leanjul01.htm>

About Beane Associates, Inc.

Founded in 1984, Beane Associates, Inc. continues to build an impressive track record in helping private and publicly owned companies improve operational effectiveness and profitability during a time of financial challenge. The company has offices in Wilmington, DE, Charlotte, NC, and Atlanta, GA.