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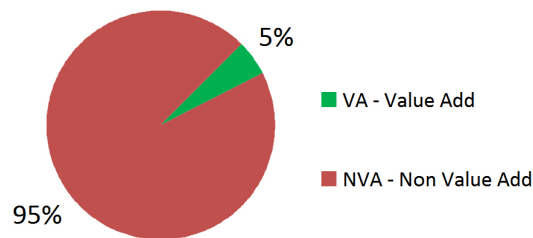
Business Essentials: The Seven Deadly Wastes

by Fred Heintz, CPIM CIRM

Defining and eliminating waste can provide a significant opportunity for improvement throughout the coming year.

The Seven Wastes (also known as the “Seven Sins” or “Seven Deadly Wastes”) are non-value adding activities or processes. Simply put, they are the things for which your customer, given the choice, would not willingly choose to pay.

Typically Only 5% of Total Lead Time is Value Adding



Every organization has waste in its processes. Typically, 95% of an organization’s total lead-time producing a product or service for their customer is waste! Waste exists in the processes of every industry or organization, including hospitals, insurance companies, schools, manufacturing companies, and government.

The definition of “waste” is anything other than the minimum amount of equipment, materials, space, and employee time necessary to add value to the product or service. Processes that add value would be those that improve the form, fit, or function of

the product or service. Toyota’s Taaichi Ohno took one of Henry Ford’s guiding principles (the elimination of waste) and made it a cornerstone of the Toyota Production System (TPS).

The Seven Wastes to Watch For

To help you remember the seven areas where waste most commonly occurs, use the acronym “TOM D WIP.”

Transportation: Excess movement/transportation of inventory (raw materials, work-in-process, or finished goods) between processes. Causes include:

- Poor Supplier performance
- Poor planning
- Poorly designed processes / work cells
- Over-production / excess inventory

Over-production: This is the worst of all seven wastes! It refers to producing in excess of customer demand (whether earlier, faster, or in excess of customer requirements.) Causes include:

- Poor customer focus
- Trying to keep assets (people & equipment) “working” for appearance sake
- Large batches (vs. flow)
- Push production (vs. Pull production)
- High ‘scrap’ rates

Motion: Excessive operator-worker motion/movement to complete work. Causes include:

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OUR MISSION

The goal of Sixth Floor Consulting Group is to create best-in-class processes, allowing each of our clients to take their businesses to a higher level of quality, profitability, and Lean operation.

Put us to work on your team! Email info@sixthfloorconsulting.com to get started.

(Wastes, cont. from page 1)

- a. Poor workplace organization
- b. Poor worker education and/or training
- c. Poorly designed processes/ work cells
- d. No "Standard Work" or standard operating procedures

Defects: Production of defects, rework, or scrap. Causes include:

- a. Poor worker education and/or training
- b. Poorly designed, out-of-control, or incapable processes or equipment
- c. No "Standard Work" or standard operating procedures
- d. Contamination from dirty workplace

Waiting: Delays or waiting by people, parts, or work. Causes include:

- a. Poor Supplier performance
- b. Excessive equipment downtime/set-up time
- c. Large batches (vs. flow)
- d. Unnecessary signatures & approvals
- e. Lack of workforce cross-training

Inventory: Any inventory (raw materials, work-in-process, or finished goods) in excess of requirements. Causes include:

- a. Forecast error
- b. Poor Supplier performance
- c. Excessive equipment down-



time/set-up time

- d. Large batches (vs. flow)
- e. Push production (vs. Pull production)

Processing: Doing more work to a product or service than required by the customer.

Causes include:

- a. Poor customer focus
- b. Using complex equipment for simple tasks
- c. No "Standard Work" or standard operating procedures
- d. Poor worker education and/or training
- e. Lacking "Continuous Improvement" culture
- f. Lack of innovation ("We've always done it this way.")

We call the sin of "Over-production" the worst because it usually causes or contributes to all the other wastes.

This article is a summary on the subject. Many books have been written and much time can be spent "Learning to See" (learning to see the seven wastes in the things we do every day).

While really covered by the traditional Seven Wastes, the renewed awareness and focus on "Lean & Green" reminds us to eliminate the waste of energy and environmental pollutants, as well.

Balance of Wastes

It is difficult to eliminate ALL waste. The best balance of wastes and their trade-offs need to be considered. Reduction/elimination of one type of waste typically causes or increases another type of waste, so before beginning your quest for waste reduction, make sure your organization has already taken care of (1) worker safety, and (2) engaging everyone in the continuous improvement process or journey. You want everyone's full attention on pleasing the customer and ensuring that your organization survives and prospers.

The road to perfection is never ending. Make 2010 the year you take the first step in your journey. ■

STRATEGIC Planning for the New Year

by Tom Dzialo, CPIM CIRM

To boldly go where no man has gone before!

New Year's Resolutions are not just for individuals and they definitely are not just for New Year's Day. What is your company going to do in 2010 to be better than last year? Ask yourself a few questions to see if you are starting out on the right foot:

- Is there a vision of the future for the organization?
- Is there a plan in place to get there?
- Does everyone know what it is? Is the vision and plan shared with all?
- Does the plan include periodic checks to monitor progress and make adjustments?

If you can answer these questions affirmatively, that is a great start.

(cont. on page 3)

(Strategic Planning, cont. from page 2)

Even if you think you are in a good position regarding the company's vision, everyone might not agree. Take a survey across the organization to find out.

What is a "resolution"?

A "resolution" is defined as a determination to do something or to follow a particular course of action, method, or procedure.

Sticking to a resolution can be difficult, but as the saying goes, "Two heads are better than one." Successful organizations work to engage the whole team to achieve goals, and in do so, they create a sustainable competitive advantage.

You don't have to do it all at once! In short, successful strategic plans include 1) a shared vision of the future, 2) an agreed plan to get there, 3) communication to all involved, and 4) periodic progress checks.

Vision of success

"Start with the end in mind" is Habit Two from Stephen Covey's "The Seven Habits of Highly Effective People." Know where you want to go before you start your journey, and engage others in the visioning process. Involving others will help you avoid seeing only what you want to see.

Anticipate upcoming challenges. Cross-functional input and alignment improve execution of the plan.

Your plan of action

Plans are worthless, but planning is everything"

- Dwight D. Eisenhower

Team development of the plan to achieve the vision not only ensures a better plan but also establishes clearer expectations and accountabilities, improving the likeli-



"Face it — no one can predict the future. Be ready to adapt; contingency plans ensure you are prepared for the unexpected."

hood the plan will be followed. Specifically identify who is to accomplish what and by when. The power of EAR (Expectations, Accountabilities, Results) is remarkable.

Face it — no one can predict the future. Be ready to adapt; contingency plans ensure you are prepared for the unexpected.

Next step: communicate! It is difficult to over-communicate something as important as the organization's plan to achieve its vision. Post it for all to see; it shouldn't be a secret. Make it "visual." Think of a scoreboard at the Olympics. Who is ahead? Who is behind? Are we on track? What do we need to do to win? Success comes more easily when everyone can see how what *they* do affects the results the organization achieves.

Monitor your progress

Use PDCA (Plan Do Check Act) methodology to monitor progress, improve task achievement, and continuously improve the strategic plan and your company culture. (Our September 2008 newsletter has

detailed info on PDCA. It is archived on our website's Resources page.)

If your progress isn't where you want it to be, adapt and adjust plans as needed. Stuff happens. Things change. Don't get stuck playing the blame game.

Include the results from the performance checks into the visual communication boards, too. Everyone wants to be on a winning team. Make sure they know the score, good or not, and what they need to do to ensure that the team wins.

When done properly, strategic planning provides a shared vision of the future and a better plan for achievement. It enhances relationships, builds teamwork and a culture of continuous improvement, and improves the organization's overall performance.

Do you need assistance with creating a goal-oriented, performance-enhancing strategic plan for 2010? Contact the Sixth Floor Consulting Group at info@sixthfloorconsulting.com. We are here to help! ■

All of us at Sixth Floor Consulting Group send you best wishes for a happy, healthy, and prosperous New Year!

Social Media and Serious Industry

Is it time for you (yes, even YOU) to Tweet?



by Cheryl Rice

If you aren't plugged into social networking, you might have missed the significance of the New Oxford American Dictionary's 2009 Word of the Year, "unfriend" (which means to remove someone as a contact or "friend" on a social networking site). Chances are, though, that you know exactly what it means — because in 2010, very few people are being left behind regarding online social media.

Less than three years ago, social sites like Facebook, Twitter, and LinkedIn were populated largely by early adopters like web-savvy college students and Internet industry pros. You might think that is still the case — but you couldn't be more wrong! Facebook now reports well over 300 million active users worldwide. Twitter is less forthcoming with its actual user count, but it is estimated to hover around the 50 million mark. LinkedIn is somewhat smaller in scope, but it is a laser-focused professional site that is ideal for business networking. In fact, many prospective employers ask to see an applicant's LinkedIn page in addition to (or even instead of) a traditional resume.

So what does it mean to you? While experiencing this phenomenal growth over the last few years, social media sites have developed through their "new-and-shiny" phases into legitimate business tools. But just like the telephone, the magic isn't in the tech-

nology itself but in how you use it. And, perhaps most importantly, how your customers use it.

And using it they are. Generation Y (consisting of people who are now around 25 to 35 years of age) is the first generation to grow up with computers as part of their everyday lives, and they are rapidly entering jobs in purchasing and management. When these people look to source products and services, they turn to the web. If you aren't there, chances are your competition is.

First Steps, Baby Steps

Maybe social media is a little outside your comfort zone, but getting involved doesn't need to be painful. Just jump in and give it a try. Open a Twitter account in your own name and start to surf around and figure out what it's all about. (You'll want to get the hang of it before you officially launch a page for your company.) Just go to www.twitter.com and follow the exceptionally easy instructions.

Once you're on Twitter, start using the Search function to find tweets of interest to you. For instance, if you search "lean manufacturing," you'll find *hundreds* of people sharing news articles, and helpful resources.

Same goes for Facebook. If you've never checked it out, simply go to www.facebook.com.

com and open an account. It will give you lots of options when you sign up (e.g., to send automatic emails to your contacts), but don't let that scare you. You can tell it to skip all those things. Then just look around. Use their search function as well, and you'll find "Groups" and "Fan Pages" to go along with just about any interest or profession.

These hints really go for *any* social network. Sign up, surf, and search. If you don't like it, delete your account. Simple! If you do like it, start researching how businesses like yours are utilizing it, and think about implementing some of the best practices yourself.

Only one word of warning. If you decide that you really want to utilize social media as a marketing tool to create a presence for your company, either manage the sites yourself or find an enthusiastic employee in-house to manage it for you. Social media is about connecting with your friends and followers (read: customers), and it's hard to outsource that. When someone sends you a "tweet" or a Facebook message, they aren't sending it to XYZ Corp. They are sending it to a *person* to whom they want to communicate. Keep the lines to two-way communication open, and you'll find many new connections — and potential customers. ■

Cheryl Rice is a marketing and advertising consultant specializing in industrial manufacturing and related b-to-b communications. She can be reached at cheryl@ricecommunications.net.

Mark your calendar ...

Date	Event
February 1	Excel 101 Workshop
February 15	Physical Inventory Workshop
March 8	Root Cause Analysis Workshop

Call us or visit our [website](#) for event and registration details