



Leanovations, LLC

Lean Newsletter

January 2016 Issue



A Veteran Owned Company



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Begin the New Year by Developing a Strategic Deployment Plan

At this time every year, Leanovations works with many organizations to develop and deploy their Strategic Plans with Breakthrough Objectives (BTOs).

Leanovations Strategic Planning process follows the Toyota method of "Hoshin Kanri", which is a method for ensuring that the strategic goals of a company drive progress and action at every level within that company.

It achieves this by aligning the goals of the company (Strategy) with the deployment plans (Tactics) and the work performed by all employees (Operations).



The Hoshin Kanri - Strategic Planning and Deployment process strives to get every employee pulling in the same direction at the same time to eliminate the waste that comes from inconsistent

direction and poor communication. It helps the organization think about where it is headed and the best way to get there. People perform best when they have a purpose. When they understand not just what to do - but why it's important. One of the benefits of Hoshin Kanri format is that it can help to create that purpose; providing focus and drive towards a shared vision of the strategic plan and important goals. **Make sure all employees are given an opportunity to understand why the strategic goals are important and how the tactics and operational details support those goals.**

The Hoshin Kanri planning process is a very effective Strategy Deployment planning process that follows the Plan-Do-Check-Act (PDCA) improvement cycle. For Hoshin Kanri to succeed, the organization must undergo an effective analysis from both; a business fundamentals including a SWOT analysis (strengths, weaknesses, opportunities and threats), and strategic planning with breakthrough objectives. These analyses provide input for the plan. In addition, recognize that breakthrough activities can only occur when the business fundamental activities are under reasonable control. **This is fundamental to building a "Lean" learning organization, enabling an organization to collect and study performance information about itself from both short-term and long-term measures.**



It is important to identify critical business issues facing an organization and select objectives and goals to overcome those issues. **Developing a Strategic Deployment Plan with 3-5 year breakthrough objectives, at the beginning of a new year is the best way for a company to obtain desired results and ensure that all employees understand the long-range direction.** It is a way to

create linkage throughout the organization to make the vision a reality. Extensive cooperation within and between departments and process owners are vital to establishing success of the overall Strategic Plan.

The second aspect of a Strategic Plan is to develop fundamental process measures, called Key Performance Indicators (KPIs). Key Performance

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Indicators (KPIs) provide the means for tracking progress towards goals. They also have a considerable ability to drive behavior. It is essential to think through whether the selected KPIs will drive the desired behavior, so choose KPIs with care. KPIs must be monitored to assure the continuous improvement of the organization's key business processes. In essence, ensuring everyone is heading in the correct direction and with a sense of control.

To implement the Strategic Plan, a company must develop detailed Annual Improvement Priorities (AIPs), with significant breakthrough objectives at all levels of the organization. AIPs provide guidance and linkage as well as drive the implementation plans. Assigning clear responsibilities for each item in the AIP implementation plan is how to ensure real change occurs. **Significant breakthrough objectives usually require cooperation between a cross-departmental and cross-functional Kaizen team, focused on continuous improvement utilizing the Plan-Do-Check-Act (PDCA) process.**



If you are interested in learning how Leanovations can assist your organization with Strategic Planning and deploying please e-mail us at info@leanovations.com or call us at (860) 479-0293.

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Developing a Lean Supply Chain Partnership "A MUST" for 2016

At Leanovations, as we begin 2016, we see signs the economy may be picking up for manufacturing, we have noticed some contract manufacturers/machine shops are coming close to capacity or are already at capacity constraint. Most contract manufacturers are facing a skilled labor shortage of machinists, operators, tool makers, and technicians. As the economy improves and the demand for manufacturing capabilities increases, it will become more and more necessary for companies to develop Lean Supplier Partnerships, as **contract manufacturers will have limited capacity and will have the ability to choose customers who value them more and partner with them for a brighter future.**



Most companies struggle to move lean beyond the four walls of their own businesses and into their supply chain during a lean transformation. A large performance gap exists between those companies that are simply using Lean techniques on their own shop floor versus those that have built a culture based on Lean thinking partnerships with their supply chain. **Many companies have never ventured to the great world of the unknown related to developing a "Lean Supply Chain Partnership", but for organizations to reach breakthrough levels of success; developing lean supply chain partnerships is critical to sustain profitable growth.**

There are many companies who state they are Lean, but are sticking with the traditional purchasing model and promote the idea that buyers and suppliers as adversaries and/or competitors. In this environment the supplier is trying to win the work, but still make a profit, while the buyer is focused on the lowest price possible and does not care if the supplier is profitable or not. In the traditional purchasing process the buyer continually is applying pressure to the supplier, and the supplier realizes overtime there is no way to meet the buyer's demands without sacrificing something. **Ultimately, at least one of the organizations loses, and most times both organizations lose, as it is usually more expensive to qualify a new supplier or land a new customer, rather than work with the current one to improve relationships and develop a "valued" partnership.**



However, at Leanovations we teach and coach a "Lean Buyer-Supplier Partnership" which is founded on one of cooperation that looks to build a "Lean Supply Chain Partnership" where the buyer and supplier are

partners. If the buyer succeeds, the supplier succeeds. The key to lean supply chain partnerships is honest and accurate communications and visibility. Suppliers must be able to "see" into their customers' operations and customers must be able to "see" into their suppliers' operations. Organizations within a lean supply chain partnership are able to leverage their own lean transformation more easily, delivering better customer value by responding more efficiently, quickly, and predictably to customer needs.

Entering into a Lean Supply Chain Partnership must create value for both the supplier and buyer. In a Lean Supply Chain Partnership, both organizations must work toward increasing total value, creating a virtuous cycle that ultimately translates to superior financial performance for both organizations.



Leanovations 7 Steps for developing Lean Supply Chain Partnership:

- 1) Develop a Lean Thinking Partnership to Grow Profitably together
- 2) Understand Customer Value
- 3) Manage Demand Volatility
- 4) Create Flow and Pull where flow is not possible
- 5) Implement Plan-Do-Check-Act (PDCA) Process
- 6) Establish Key Performance Metrics
- 7) Benchmark Best Practices (know the competition)

To learn more about how Leanovations may assist you to begin and implement Lean Supply Chain Partnerships please contact us at info@leanovations.com or call us at **(860) 479-0293**, visit our website at www.leanovations.com.

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Lean and Innovations Leadership is Critical to Success **Leanovations = Lean + Innovations**

If you have not noticed, manufacturing in the United States is suffering because of a lack in Lean and Innovations Leadership (where Lean + Innovations = Leanovations). We are now living in a world where both Lean Leadership and Innovation is a must for continued success, and guess what... **most companies do not even know what Lean and/or Innovations is all about, nor do they have anyone in an executive level sponsoring both or truly leading it.**



If Lean and Innovations does not have an executive sponsor and is not adopted properly, it could hurt a company, employees, customers, suppliers, stock holders and anyone who has a stake in the company.

When a company fails at adopting a Lean and Innovations Leadership Culture, they normally will slip back into what was comfortable and they don't take the time to research what went wrong and how they can learn from it.

We are in an environment with business today that demands they begin looking at all the processes, products and services for new approaches that have some risk-driven opportunities, but with a potential for high rewards. If companies cannot learn how to get comfortable in this environment, which does come with risk, they may cave and in a few years, the business will be gone, forgotten...a thing of the past. **The world has changed drastically in the last 10 years and the next 10 years are predicted to be at an even a faster pace** (think Additive Manufacturing).

Lean and Innovation is about introducing something new or doing something in a new way, a product, a process, or a way of doing business. The goal of Lean and Innovation is to take an idea from concept to commercialization in the most efficient and effective way to improve business



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performance. Businesses that actively pursue Lean and Innovation generate more growth and profits than those who do not. Plus they usually enjoy higher brand awareness and appeal.



So, to get comfortable with Lean and Innovations, there are a few things you can do to move in the right direction:

1. Take any problem/misstep as an opportunity to Learn. Problems must be viewed as opportunities to improve through training, coaching and mentoring employees on the missing components in your strategic plan. Teach the employees how to "get it right" by

mentoring them on adopting Lean processes, innovative skills and risk/rewards leadership to make your next initiative work.

2. Use Lean and Innovations as a learning opportunity. True Lean and Innovations Leadership is about creating an environment/culture of continuous improvement through Kaizen, cross functional team events, where you engage and empower the employees to meet strategic goals.

3. Open a Lean and Innovations creativity lab for experimentation. Many companies say they just don't have the money, time or resources do to this. But at Leanovations we believe you cannot afford not to do this. In a Lean and Innovation lab/room, your employees are free to experiment with wild ideas and see if their ideas work or see if they fall flat. Don't forget...there are hundreds of eager college interns who would love the opportunity to come in and help out in your Lean and Innovations lab conducting research in exchange for experience and a testimonial.

4. Top Management must be fully committed for success. Business leaders have priorities: bottom line income, employees, HR issues, making customers happy and etc. If any of these challenges "sabotage" the Lean and Innovation process you will fail. Leaderships transparency and support during this process is critical, and you must be willing to say and show that you are going to give 110% to making this process work, and if something goes wrong, you are committed to making things right.



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January 2016 Lean Leadership Class Graduates Next Class May 23-26, 2016

Leanovations January 2016 Class has graduated and are back at their companies assisting in developing a culture of Lean to Green teamwork, identifying waste, establishing 5-S and Visual Controls, and implementing Key Performance Indicators (KPIs) in order to help the company grow profitably.



**Leanovations - January 2016
Lean Leadership Graduates**

Leanovations conducts a 4 Day Lean Leadership Certification (LLC) class for manufacturers three times per year, in January, May and October, to support the individual growth of Lean Leaders allowing them an opportunity to learn new Lean techniques and tools, network and benchmark with other leaders and companies. Our next class will be held on May 23-26, 2016 (Monday-Thursday).

A Lean Leader is responsible for teaching and leading the organization in developing a Lean culture, knowing it is not just about the tools - it is about the people, and having all employees, at all levels, becoming engaged in Lean learning and empowered to make positive change to support profitable growth.

A Lean Leader understands to become a good teacher/leader; you first must be a great student. You must become a sponge looking to soak up/absorb new wisdoms, techniques and experiences from others that you will be able to draw upon as you lead, teach and mentor. Lean Leaders must appreciate there is always something you can learn, through networking and benchmarking, therefore be able to share and pass on to others.

Attend our LLC workshop on May 23-26, 2016 (Monday-Thursday) or the October 3-6, 2016 (Monday - Thursday) class, and learn how to become a Lean Leader who is driven to solve today's problems and identify them as tomorrow's opportunities to improve. Since 2008, when we started offering our Lean Leadership Certification (LLC) Workshops, we have had over 800 individuals, from manufacturing, government agencies, healthcare and service industries attend and graduate from our LLC workshops.

We have enjoyed a diverse group of attendees from all levels of an organization, from Business Owners/CEOs to Office Support, Machinist, Assemblers, and Material Handlers. Graduates have come from over 60 organizations, from 19 different states and 3 European countries.



All graduates participate in a fast-paced intense 4-day workshop program. The workshop includes visiting Lean manufacturing companies each afternoon to hear from top management and the employees about the Lean journey they are on and touring the factories to see first-hand what it takes to become Lean. **The organizations we visited**

during our January LLC class were:

- * Hubbard-Hall Inc. (www.hubbardhall.com)
- * IMI Precision Engineering (website: <http://www.imi-precision.com/>)
- * Rowley Spring and Stamping (<http://rowleyspring.com/>)
- * Specialty Printing (<http://www.specialtyprinting.net/>)

Mark Your Calendars for the Upcoming Leanovations Workshops

If you are interested in attending or having members of your organization attend Leanovations Lean Leadership Certification Program, please contact us at: info@leanovations.com or call us at: **(860) 479-0293** or visit our website at www.leanovations.com



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