



# R&R Newsletter

## Reducing Risk/Removing Waste

ISO Support Group

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An ISO 9001:2000  
Registered Company

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### LEAN JOURNEY...

Strategy 1:

- Isolate the Value Stream

Strategy 2:

- Specifying Value

Strategy 3:

- Mapping the Value Stream

Strategy 4:

- Making the Stream Flow

Strategy 5:

- Letting Customers Pull Value

Strategy 6:

- Seeking Perfection

### CAN LEAN HELP?

Want to know if Lean applies to your business? Read about our Lean Assessment Service

[HERE](#)



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accepted!

### Removing Waste:

In this Issue under the heading *Removing Waste* I'll be covering the topic of **Lean Operations – Example: Menlo Distribution Centers**

**The following is a brief overview of a Lean implementation story:**

**Menlo Worldwide** operates a 278,000-square-foot Distribution Center (DC) in Michigan for Bobcat, Detroit Diesel and General Motors. When you look around this facility you'll notice process maps on the wall of a room off the main warehouse. You'll see taped outlines on the floor and walls to indicate the precise location of every cart, every tool, every barrel—often with photos showing what goes where. What you are seeing is their version of a "Lean" warehouse, based on a template for warehouse design developed by Toyota.

**It's important to note that applying lean principles** is not a matter of pushing people harder or automating the operation. It's about designing good processes. What distinguishes Toyota's Lean model from others is the level of detail, and its fixation with accurate location information... because the worst kind of waste is "treasure hunting". Another key characteristic of the Toyota system is frequent reordering. The idea is rapid, frequent replenishment so that any flaws in processes show up quickly when inventory levels are based on short cycle times.

**Most picking activity at the facility is based on** a 20-minute work cycle. Managers assign each worker a task that should take 20 minutes, which might mean one or two large parts for one worker, and 15 small parts for another. The idea is to create a stable, predictable workflow. Menlo realized from the outset that successful implementation of Lean depended on engaging the hourly employees. Without their cooperation, the effort would be doomed. The floor workers are encouraged to speak up when they see ways to improve processes which has resulted in 75% of the improvement ideas coming from them. Kaizen Teams are formed regularly to root out waste and inefficiency. Employees at every level participate in these teams, and they spend three to five days collecting data, identifying targets—called SMART targets—and preparing an implementation plan. Consistent with the Toyota protocol, their plan must fit on a single sheet of A3 paper.

**Some of the key results from their Lean efforts include:**

- Warehouse productivity improved 32 percent between January and November of 2005, measured by gains in lines per hour.
- Defects, measured as the error rate, dropped by 44 percent!
- The on-time percentage for shipments was north of 99% in every one of those months, hitting 100% in 8 of those 11 months.
- Turnover rate at the facility is now less than 2 percent

**To view more information on this example (and others)...** you can visit our Newsletter page at our website to view the complete article:

[www.isosupport.com/newsletters/newsletters.htm](http://www.isosupport.com/newsletters/newsletters.htm)

PS: Don't forget to look at the Q&A section of this Newsletter for some final thoughts on this Lean implementation example.

## **PUBLICATIONS**

Click [HERE](#) to learn more about the manuals & books that we've recently published:

- ISO 14001:2004 Environmental Manuals
- "The 3 Biggest Mistakes People Make with ISO 9001"
- "ISO 14001: Learn what's driving its double digit growth!"

## **TRAINING:**

- Process/Value Stream Mapping
- Lean Essentials/Kaizen
- Business Modeling and Performance Measure'ts
- Root Cause Analysis and Corrective Action
- Mistake Proofing
- Continual Process Improvement
- Strategic/Business Planning
- Malcolm Baldrige Training
- Privacy Program Training (PIPEDA)

**\*\*View [agendas](#) at our website\*\***

**Email Tim.. [HERE](#)**

**For more information on training provided by ISG on Process Improvement/Lean (Manufacturing/Office)**, please visit our website at [www.isosupport.com](http://www.isosupport.com). Once there, you will also find information about the following:

### **"Process Improvement/Lean Assessment: Can Lean help you?"**

If you want to find out if Lean applies to your business, visit our website and read about our Lean Assessment Service by going to:

[http://www.isosupport.com/services/lean/srvcs\\_pi\\_lean.htm](http://www.isosupport.com/services/lean/srvcs_pi_lean.htm)

### **"The 3 Biggest Mistakes People Make with ISO 9001";** ISO

9001:2000 Tips, Tools and Techniques

Click here: <http://www.isosupport.com/books/books.htm>

If you enjoyed reading our previous ISO Newsletters you'll find that this book contains many of the practical approaches and advice that I've discussed in these Newsletters over the past 5 years.

## **Q: What are the "lessons learned" from this example?**

**A:** Here they are...

- Identify what your customers expect and determine what value you add to the process. For distribution and logistics, that usually means greater velocity. What it doesn't mean is a lot of handling. Distribution people assume all the handling they do adds value, but customers don't agree.
- As with any productivity program, there's always the danger that enthusiasm will wane & performance will slacken. To prevent backsliding, Menlo relies on incentives, which all staff members participate in. The plan is set up so that their compensation is partially determined by performance against specific KPIs (key performance indicators).
- Toyota, in fact, has very different ideas about how a warehouse operation should be run. In its plants and warehouses, Toyota wants operations to be completely methodical. Everything needs to be visible and run on tightly organized loops of work so that every few minutes, say a 10- to 12-minute picking cycle, every worker gets the same amount of work... people then are working at a steady pace.

**Until next time...**

**Tim Renaud**

## **Helping Business Professionals Reduce Risk and Remove Waste!**

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Tim Renaud, P.Eng., B.A.Sc., is a senior trainer and consultant with the ISO Support Group. His business experience covers over twenty-two years with both small and large organizations within various industries. He began consulting in 1992 and achieved ISO 9001 Registration for ISO Support Group in Oct/1998. Specific areas of expertise include training and consulting on installing ISO Management Systems, as well as implementing Process Improvement Strategies, always with a focus on reducing risk and removing waste (becoming Lean). Association memberships include the American Society for Quality (ASQ) and the Professional Engineers Ontario (PEO).