



# News and Views

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## *A Note From Joel*

I would like to pass on to you some comments heard at our recent ANLA Senator’s meeting which was held at the OFA Short Course in Columbus.

- We have dealt with these external challenges to our business before.
- We know, or should know, how to handle them.
- We must present ourselves with a company image that is both progressive and based on our previous success.
- Green and sustainability are both

opportunities and threats.

- Today’s changing demographics must be part of our Marketing plans.
- Trade associations have an important role in helping their members deal with change.

Your Kraft/ODA consultant can help you think your way through these times and come out with continued excellence.

Regards, Joel

## *Heads Up Management*

*by Joel McFadden*

Some dos and don’ts for management in today’s uncertain times:

- Stay in touch with your employees; they are affected by the external environment too, help them achieve their goals when possible
- Stay in touch with your customers; changes in their business are happening and you will want to be on top of them and how they impact you
- Stay in touch with your suppliers and business partners; make plans together to deal with the opportunities and threats

- Stay in touch with your trade associations. Kraft belongs to ANLA, PLANET, and LCA. We have found them very helpful in staying on top of trends which affect our business and our clients.
- Stay in touch with your Company’s Vision; don’t forget to work “on the business” even in challenging times.

Special points of interest::

- Visit our website: [www.kraftassociatesoda.com](http://www.kraftassociatesoda.com); it includes some features that we feel will be helpful to our clients.
- We receive feedback from many of the newsletter recipients. If you have anything you would like to see in the newsletter, please send us a note or an email.



## Lean Operations Primer

By Bill Drexler

In this tough economy, one of the buzzwords that you may be hearing more often is *Lean*. What is it? Becoming Lean is a systematic effort to eliminate all waste in your business using ideas and techniques that evolved from the Quality movement of the 80's and 90's. While running Lean is a great idea, it's not a new one. Being a Philadelphia area company, I have to point out that Lean ideas can be traced back to Benjamin Franklin's "Poor Richard's Almanac." You've all heard the expression, "a penny saved is a penny earned." He also talks about the ills of too much inventory in "The Way to Wealth." These ideas grew and were refined in the manufacturing arena by Henry Ford, the first to mass produce automobiles. More recently, the specific tools used in Lean thinking grew out of the Toyota Production System. So, what defines a "Lean Operation?" Let's start with some definitions.

- ◇ *Lean* is doing more with less. Becoming lean involves the total elimination of waste in every process.
- ◇ *Value* is defined in terms of specific product and services with specific capabilities offered to customers at specific prices.
- ◇ A *Value Added Activity* is a step or task in a process that increases the salability or function of the product. A step "adds value" if it takes us closer to creating something that the customer is willing to pay for.
- ◇ A *Non-value added activity* is a step or task in a process that does NOT increase the market form or function of the product.
- ◇ *Value Stream* The set of all actions required to bring a product or service from concept to delivery to the customer.
- ◇ *Waste* is anything that absorbs resources but adds no value. The 7 Major Wastes are: Overproduction, Waiting, Transporting, Inefficient Processes, Unnecessary motion, Defects, and Excess Inventory.
- ◇ *Flow* is the progressive achievement of tasks from idea to customer with no waste.

The Key Concepts behind Lean Thinking are time, cost and optimization. *Time* is the single best indicator of waste in the process. It's also a significant indicator of competitiveness. A time-based strategy helps eliminate waste. Think about your processes. Each step in a value stream (process) can be classified in three ways:

- ◇ The step *adds value* because it moves us closer to meeting customer requirements.

- ◇ The step is *necessary* to the process (so cannot be eliminated) but does not add value.
- ◇ The step adds *no value*; it is "waste".

Now, take a look at one of your processes and calculate the percentage of the time spent completing a process which is considered value-added vs. non-value added. Don't be surprised if you find that 80% of your process is considered non-value added.

Lean thinking requires a different view of *Cost* also. In the old model of cost:  $Cost + Profit = Price$ . In the Lean model:  $Price - Cost = Profit$ . What is the difference between these two? What happens when you reduce cost in each model?

*Optimization* of a single process does not necessarily optimize the whole system. Your system of delivery of product or service to your customer consists of multiple interdependent steps. Flow is only achieved when *all* processes are optimized.

The Lean Tools that are used to optimize your system are; Value Stream Mapping, Visual Controls, Quality Assurance and the 5-S Process.

*Value Stream Mapping* is the identification and mapping of each step in a process, the times needed to accomplish each step and potential opportunities for elimination of waste. Mapping helps you visualize the process at the company level not just the single process level. Once waste is identified, it can be eliminated.

*Visual Controls* are simple signals that provide an immediate understanding of a situation or condition. They are efficient, self-regulating and worker managed. Some Examples are Job Cards, Color coded forms, Labels on cabinets, drawers, files, Labels on equipment, Checklists.

There are multiple *Quality Assurance* methods; the key is in finding the best approach for your business. In Lean thinking, the Quality Assurance emphasis is on prevention of problems and continuous improvement. When processes are re-engineered, prevention of potential problems is key to having a process that flows. Continuous improvement is the idea that Lean is not a project with a beginning and an end, you should always be looking for ways to eliminate waste.

To be continued in next issue

## *Raising the Bar or Fixing Its Current Height?*

*by Dan Davidson*

Much has been said these days in management circles about “raising the bar” in organizations. Simply put, this is understood to mean that we continuously strive to improve and innovate, to continually stretch our performance, quality, or other criteria to develop a better company, person, or standard. But our current social and business culture is geared to simply troubleshooting our daily problems, to “fix” and provide solutions to challenges which face companies daily. This is because our modern business climate is structured to reward those whose performance can easily be measured in terms of “repairing” a broken standard, or bar. The standard has been met before, and when it is not being met, we know the individual or employee has succeeded when he or she has provided a solution to an obvious challenge, that is “returning the bar to its original height.”

But innovation and improvement are not so easily measured. Fixing a problem is measurable—a deviation in quality is known, and when the standard is being met again, that deviation no longer exists. “Raising the bar” is a business mantra, something everybody wants and knows the company needs, but our behavior may not be rewarded for doing so. Management may not foster the environment for encouraging innovation; for instance failed new ideas are discouraged, those who have taken risks are chastised, key managers openly condemn new approaches, the best people are not mentored to “think outside of the box.” The current culture of change must also alter significantly for an organization to encourage the “raise the bar” mentality. Employees must be empowered to live a new way, to live in a culture of change where failure is allowed. But empowerment is not easily engaged—employees must be provided resources, given the training, acquire skills, provided the support systems for accountability and the boundaries under which specific decisions can be made. Finally, incentives for innovation should be established, which can be monetary, perks, or other encouragement to the employee. The entire culture of an organization dictates the environment for transformation from a company that seeks to try new approaches, not fix old ones.

Leadership, culture, reward, empowerment, perceptions, beliefs, and customer changes are all crucial to understanding the ways to create an

atmosphere of business culture to live for “raising the bar,” not repairing its current height.

We at Kraft/ODA have demonstrated with many organizations that empowering (with accountability) employees are your best means of fostering change within your company from just being a “fixit” organization to an innovative one your customers will love. We provide the tools, procedures and encouragement to key company leaders, and assist employees to manage for excellence and closing the loop. We encourage you to discuss with your Kraft/ODA business advisor how you may change the culture of your organization to “raising the bar”, rather than be satisfied with constantly “fixing” its current height.

## *From the Archives: from a News and Views Article January 1998*

*by Joel McFadden*

*An article caught my eye from our archives.*

ODA Consultant Mark Koschmann wrote about all of the aspects of communications.

We continue to say that we are always communicating — and we are. The question to ask is “What response or result do you want?” Once you answered the question, the communication becomes more clear.

All actions of a manager communicate something to their people. Consider the following:

- The example you set—your people are always observing you.
- The programs you have instituted or approved.
- The changes you have made.
- When are you simply doing nothing.
- The extent of your involvement in the company and the department or division.

All of these actions communicate something to your people. And you are communicating not only by what you are saying, but much more important, by what you are doing. The non-verbal communication — the body language, your facial expression — or lack of, your walk, dress, all of these communicate something



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## OUR MISSION:

Our Mission is to serve Entrepreneurs in the achievement of their personal goals through their organizations.

The Entrepreneur is the force of our society that maintains a culture which will assist people in the achievement of their individual personal goals through their jobs. This Mission is carried out in an atmosphere of honesty, trust, and love for each other.

## OUR PHILOSOPHY:

We believe that the most important asset of an organization is the human asset and the development of that asset is both a moral obligation and financial gain on the part of the ownership.

## News From Our Clients:

- *Molloy Brothers sponsored Island Harvests assist emergency food programs with a Stuff the Mayflower Food Drive; a large moving van was indeed stuffed with food for the needy.*
- *Chuck Tosovsky of Home Nursery was recently recognized for his gifts to support the programs of the Horticultural Research Institute.*
- *Wrap N Pack has recently acquired a distribution firm, Freight Container .*
- *J. Ratto Landscaping along with Habitat for Humanity and LIBI joined together donating their time, materials and labor completed 2 homes in a matter of 5 days*

## MANAGEMENT SEMINARS

### FALL 2008

*Long Island, NY*

Begin with Excellence  
(Recruiting & Selecting)  
September 23, 24, 2008

K. A. S. H.

(Training & Communications)

October 28, 29, 2008

Controlling Excellence  
(Management & Motivation)

November 18, 19, 2008



## SENIOR MANAGEMENT SEMINAR

Dates

To Be Determined

## MANAGEMENT SEMINARS

### WINTER 2009

*Location to be determined*

Begin with Excellence  
(Recruiting & Selection)  
January, 2009

K. A. S. H.

(Training & Communication)

February, 2009

Controlling Excellence  
(Management & Motivation)

March, 2009

*Kraft Associates/ODA, Inc.  
Seminars*