

Lean on Me

Canadian firm adopts LEAN and invites U.S. industry to take note

In 2001, a half dozen designers and two partners operated Genoa Design International - a marine production design firm - out of cramped quarters in a small town outside of St. John's.

Despite a growing reputation for quality work, and a healthy file of U.S. clients, Genoa's day-to-day operations felt anything but big league international. Project set-up was haphazard, quality assurance labour intensive, and proposal bidding a ritual of midnight number crunching after the day's design work was done.

When company president Leonard Pecore went to a ship production symposium in Michigan that year, the company's state of affairs weighed heavily on his mind. He knew Genoa had the technical capacity and business acumen to capture a sizeable chunk of the U.S. shipbuilding industry, worth over \$11 billion a year in 2000 (up to \$15 billion/year by 2005). The problem was the company badly needed to clean up its act and get focused before serious expansion could occur.

During that symposium, Leonard first heard about a concept called LEAN. The idea of continuously adding value for the customer by eliminating waste seemed to be just the recipe for Genoa. The company desperately needed to move to process-driven work, cutting out meaningless tasks and zeroing in on true and measurable value.

Genoa soon hooked up with Canadian Manufacturers and Exporters' Sean McCarthy in St. John's. Sean trained Genoa's team on LEAN and led Kiezen blitzes (a technique that involves shutting down a company for hours or days to create some immediate LEAN value) that cleaned up the firm's physical space and planted the seed for long-term LEAN thinking.

The work led to improvements but in 2006, Leonard and his business partner acknowledged that their sporadic focus on LEAN was barely inching the company ahead; what Genoa needed was a big push.

In September of 2007 they officially launched LEAN as a transformational project, dedicating the time, resources and staff needed to place LEAN on equal footing with other client projects. The company hired a LEAN consultant to oversee the project and work with Genoa employees - now 28 of them - as they developed the mindset to work towards improved customer value in all operational areas.

Leonard says the idea was a big undertaking and, at first, a tough sell to employees.

“We’d been working on LEAN off and on over the years and there was a bit of cynicism about how serious we were this time,” Leonard said. “But having the consultant around, setting goals, putting up signs and communicating the big picture gave them faith that we meant business. What we really have going for us though is that our employees already work hard on delivering customer value so they’re onboard for anything that improves that relationship.”

Genoa has a five-year plan in place for LEAN with the ultimate goal being to achieve an 80 per cent world class rating as measured by LEAN diagnostics. Specific targets have been set for each year, with year one focused on “sorting”: sorting out the LEAN project, sorting skills and sorting data. The idea is to lay the foundation before looking for improvements.

“We have to figure out where we are before we can determine where we can go,” explains Ken Hogan, Genoa’s LEAN consultant. “For the first 12 months, we’ll identify skill gaps, do a deep analysis of historical data to see where the strengths and weaknesses are, and then figure out how we can improve takt time.”

Takt, a Swedish term meaning the speed at which something gets done, is the essence of Genoa’s LEAN project.

“If we can speed up everything Genoa does,” Ken says, “from the bid to final delivery, while maintaining quality and employee engagement, we’ll significantly increase the value being delivered to customers, which means, of course, that we’ll ultimately improve Genoa’s bottom line.”

On the surface, the project may sound like short-term pain for long-term gain, but thanks to a solid plan, including a strong communication and marketing component, the company is already reaping benefits.

Employees are buying in, evidenced by the work of the project’s first team, Training and Development. Ken Hogan and four designers have put their heads together to resolve the company’s skill gaps. By looking at the skills matrix, the team was able to set priorities and look for solutions.

“One of the hallmarks of LEAN is innovation and this team is already showing how to innovate,” Ken says. “When they realized there was no training available in certain areas, they started to think outside the box. Learning to weld, for example, could be a great hands-on learning tool for a piping and structural designer.”

LEAN is also good news on the marketing front. In this year’s round of U.S. marine trade shows, Leonard adopted the theme “cut the waste” (now trademarked by Genoa) to share the company’s LEAN story to whoever was willing to listen.

“We figure if potential clients see us as innovators focused on customer value, that’ll be a good reason to check us out,” he says.

People have asked Leonard why Genoa would give away its secrets but he says that’s an easy one to answer. “If we can help other companies get leaner, it only makes our job easier when we work together. And ultimately, it helps strengthen the industry overall.”

Industry interest is definitely there. Genoa’s trade show booth was much busier this past fall with firms lining up to hear more about how LEAN can work in a marine production environment. As a result, Genoa is making valuable connections.

“Getting LEAN has been very positive for us. We have a long way to go but if things continue at this rate, it’s going to be a successful journey.”

Sidebar:

The five principles of LEAN:

1. Specify value from the perspective of the customer
2. Identify value stream steps and improve performance by cutting waste
3. Create flow within the value stream processes
4. Prioritize by pulling need from the customer
5. Continuously improve to add value to the customer and to pursue perfection

More information on LEAN

www.lean.org

www.superfactory.com

www.leanadvisors.com

www.hpsinc.ca