WELCOME AME CHAMPIONS & AME SAN DIEGO CONSORTIA

March 12, 2020

Thursday, March 12, 2019

| Time	
8:30 - 8:35am	House Keeping: Rick Sunamoto
8:35 – 8:50	Opening remarks: Burgess Oliver
8:50 - 9:25	Welcome to HM Electronics / Pearls of Excellence: Mitzi Dominguez
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HME

- **Founded in 1971 by Harry Miyahira**
- **Privately-held company based in Carlsbad, CA**
- **140,000 sq. ft. facility**

A Diverse Group of Companies
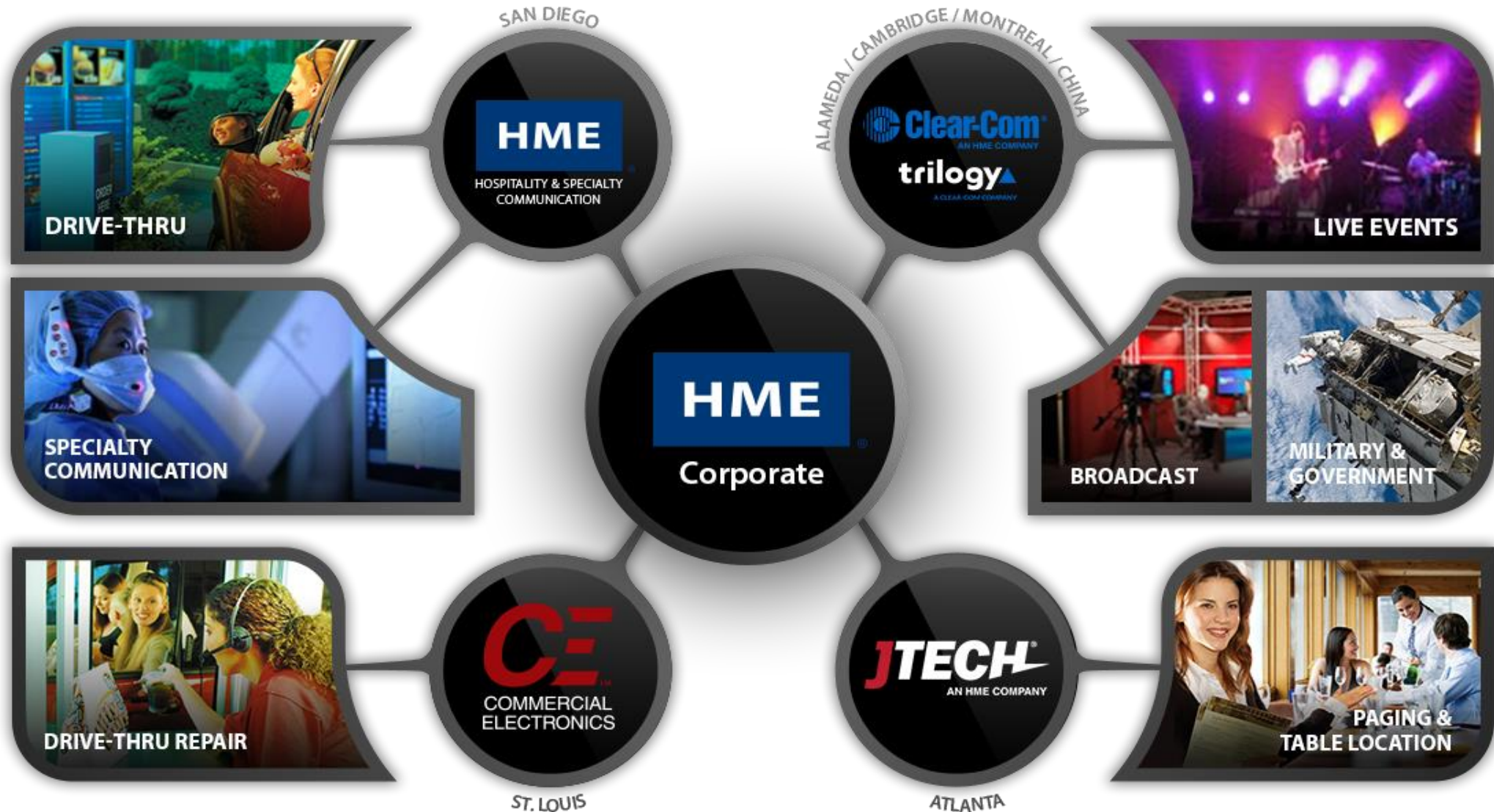
Four unique companies that provide solutions for a variety of niche markets

HME Hospitality & Specialty Communications®

The Global Leader of QSR Communication Solutions

QSR Communication Solutions
- *HD Audio Headsets*
- *Drive-Thru Optimization Systems*
- *In-Store Solutions*
- *Service & Support*

Specialty Communications
- *Pro Audio OEM*
- *Specialty OEM*
- *Football Headsets*

HME Dominates the QSR Market

Clear-Com®

Global Provider of Professional Real-Time Communication Solutions

Intercom Solutions
- *Partyline*
- *Digital Matrix*
- *IP*
- *Wireless Intercoms*

Markets We Serve
- *Broadcast*
- *Live Performance/Events*
- *Military, Aerospace, & Government*
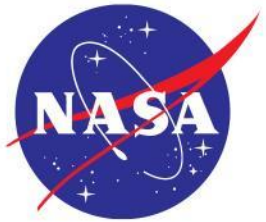- *Marine Offshore, Theme Parks, Sports & Public Safety*

Acquired Trilogy® Communications in 2016
- *Specialized Matrix Intercom Solutions for the Broadcast & Defense Markets*

Linking People Together Since 1968

Linking People Together Since 1968

JTECH®

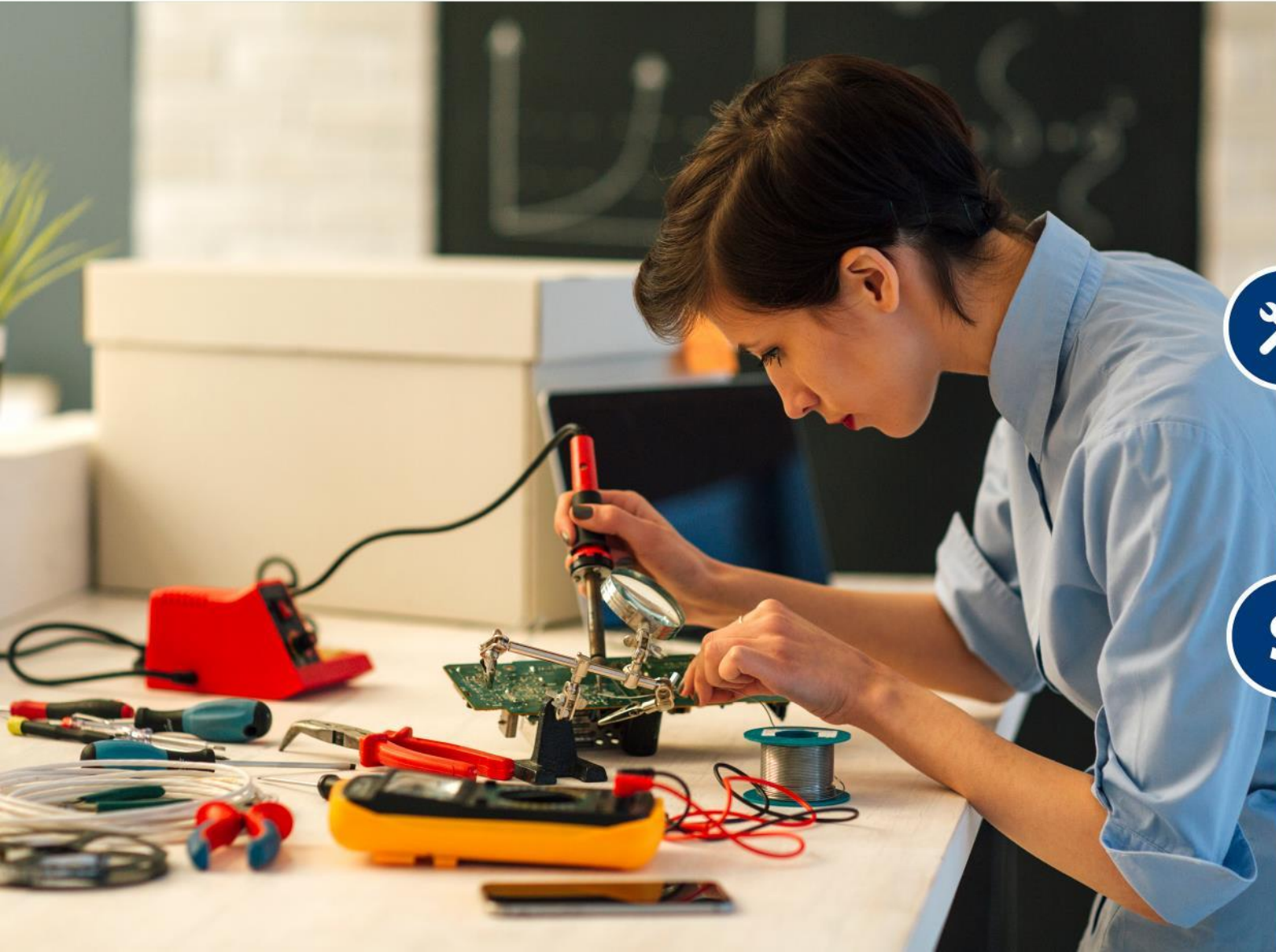# The Largest On-Site Paging Company In The World

Paging & Software Solutions

- *Wireless Paging & Messaging*
- *Guest Management Apps*
- *2-Way Radios*

Markets We Serve

- *Hospitality*
- *Health Care*
- *Retail*
- *Childcare*

Commercial Electronics™

Drive-Thru Equipment Repairs, Accessories & Sales

More Than 43,000 Drive-Thru Products Repaired Each Year

- *Drive-Thru Headsets*
- *Timer Systems*
- *POS Printers*

More Than Repairs

- *New System Sales*
- *Batteries & Accessories*
- *Technical Support*

Corporate Culture

Respect, Innovative, Continuous Improvement, & Customer Driven

Three-legged Stool

- **Steering Committee**
  - Developed a Three-year plan
  - Incorporated into our Mission Statement
- **Lean Champions (all-inclusive)**
  - Team LEO (Lean Enterprise Operation)
  - Mission Statement for Team LEO
  - Created a LEAN Newsletter
- **Business Plan**
  - Strategy Deployment
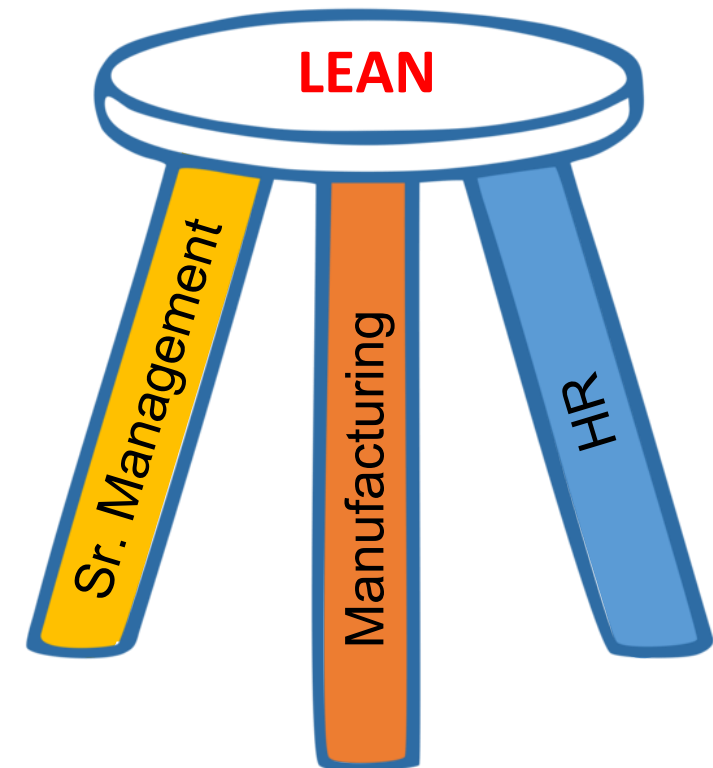
Pearl of Excellence: Holistic LEAN

- **Phased Lean Training** (All employees)
  - 5S, Problem Solving, A3, Idea Boards, Kaizen, Agile, Lean Innovation

- **Management Systems**
  - Lean in Job Descriptions & Performance Reviews

- **Management Expectations**
  - Company & Managers Meetings
  - Managers Training
  - Company Newsletters

- **Encouraged Teamwork**
  - Teambuilding Workshops
  - Sponsored Employee Team Activities (Softball, Basketball, Bowling, Photo Club, Toastmasters, etc.)

- **On-Boarding**
  - Lean 101, Exec. Orientation, Brand Training

Pearl of Excellence - Benefit our Employees

Created a culture that supports and reinforces HME Core Values.

Employees work together in cross functional teams with core values guiding their decision making.
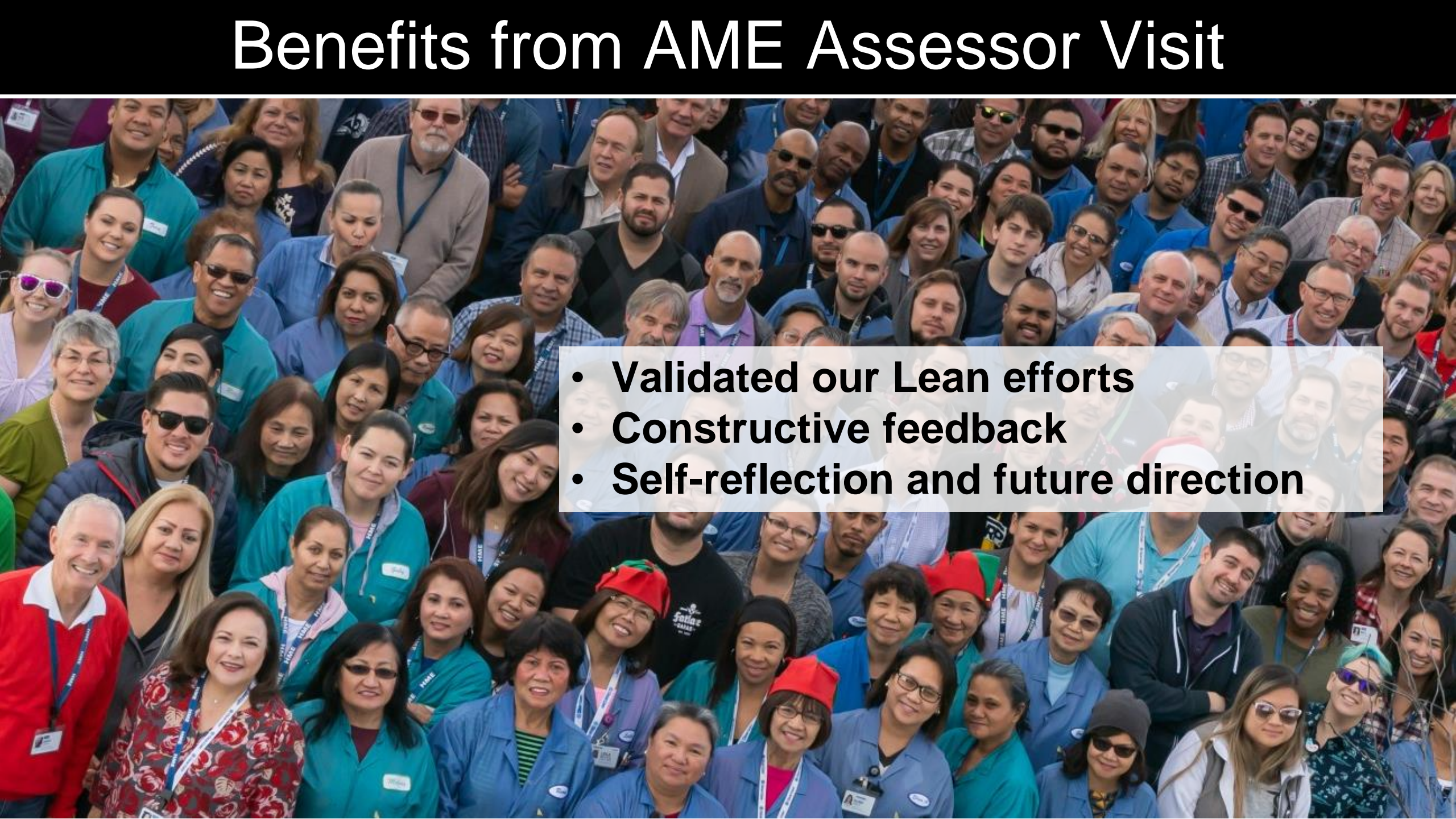
Things Not To Do. . .

- Don't hire someone to implement Lean
  - It must come from the top
  - Create your own Lean Champions

- Don't rush the Journey
  - Give employees time to assimilate and grow

- Don't Stop the Training
  - Training must be on-going at all levels

- Don't stop the Conversion
  - Train Managers to be Leaders
  - Use the Lean Language
  - Acknowledge, Celebrate and Recognize

Benefits from AME Assessor Visit

- **Validated our Lean efforts**
- **Constructive feedback**
- **Self-reflection and future direction**

HME LEAN Tour Theme and Agenda

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TOUR THEME

- HME's success has been largely due to its ability to win customer loyalty through the delivery of quality products, and continuous improvement in all aspects of the business.

- HME's continued success will require quick and effective responses to changing market conditions to deliver high value products to address our customer's changing business needs.

- Our Major QSR competitor, 3M, dropped out of the race and sold the business. Our products and service is vastly better.

  - Application of Lean Thinking and Principles to new product development

  - Application of problem-solving tools by Engineering to address process issues

  - Initiatives to create a World Class Service Operation

  - Some examples of Manufacturing's Pearls of Excellence

  - A glimpse of Manufacturing's vision to modernize assembly operations

FOUNDED
1971

A little history & background

- Founded by Harry Miyahira
  - Garage
  - Fairmont Ave
  - Scripps Ranch
  - Mira Mesa (30,000 sq ft)
  - Poway (71,000 sq ft)
  - Carlsbad (140,000 sq ft)

HME

HME

"Make every customer feel like they are the most important person."

Harry Miyahira | Founder

"There are some who believe this culture is good for small companies only and must change as we grow bigger which I totally disagree. I strongly believe the People First or Family Culture is even more important as we grow bigger. It takes more leadership skills to be a Family Culture company as we grow".
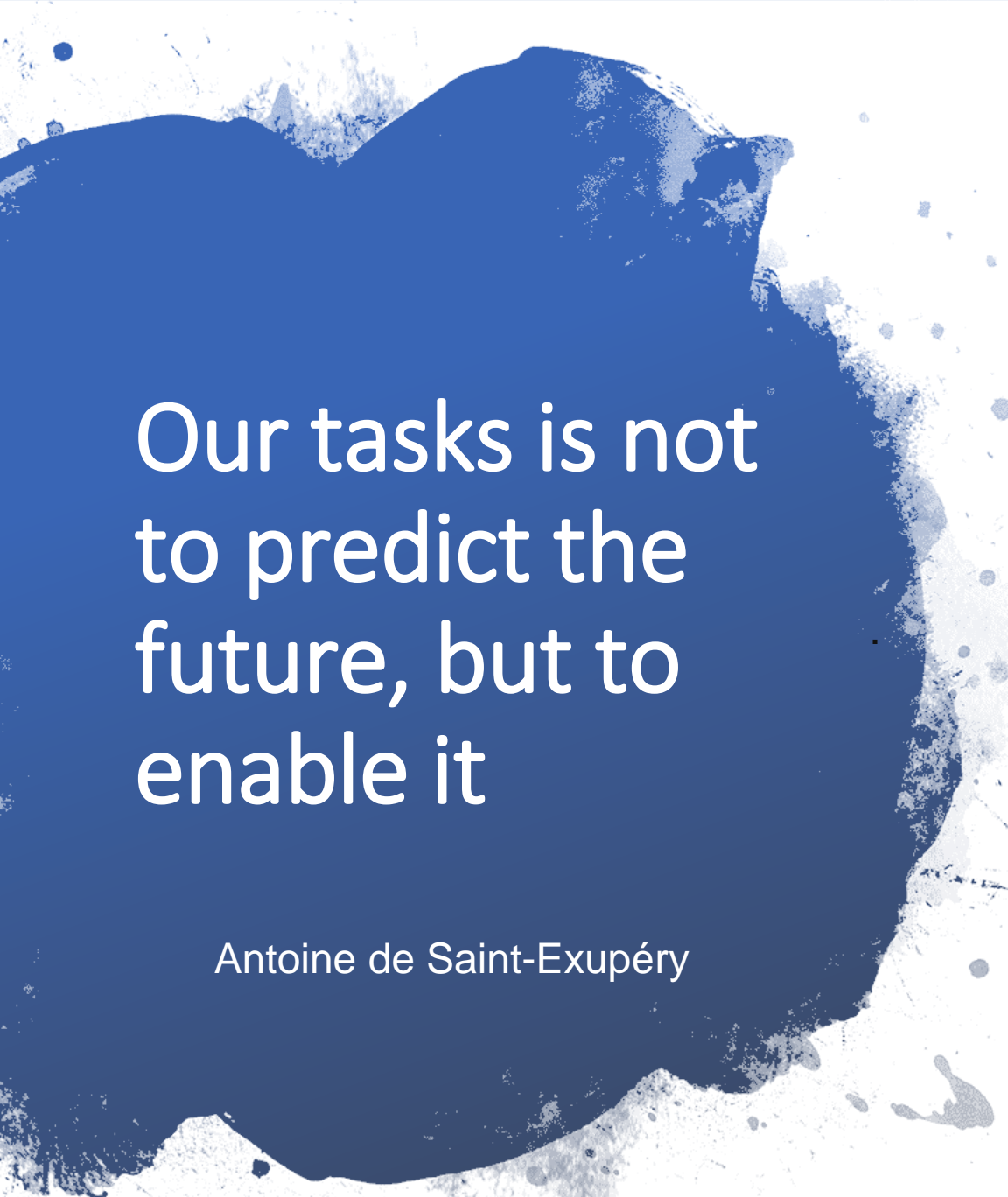
Harry Miyahira, Founder

We will implement Lean at HME, and we will give our Executive Staff the opportunity to embrace it. Those that don't embrace it will get frustrated and leave.

Mitzi Dominguez, Corporate President 2004

HME LEAN IS EVOLUTIONARY NOT REVOLUTIONARY

Our tasks is not to predict the future, but to enable it

Antoine de Saint-Exupéry

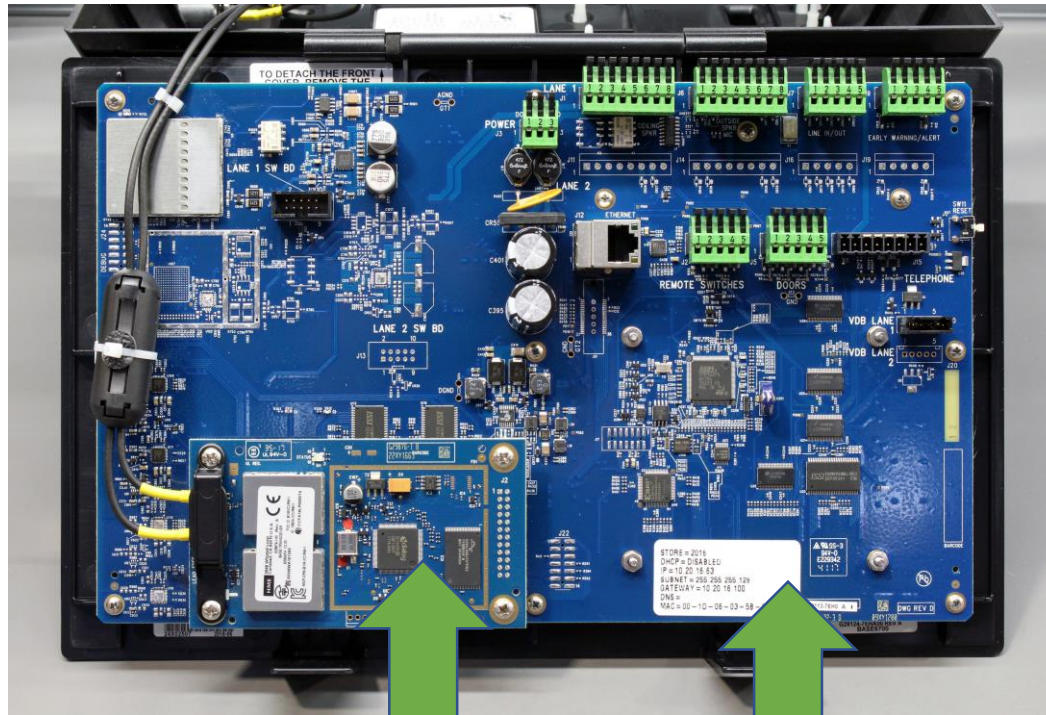2007 AME International Conference in Dallas Texas

- Products

- Technology (design, IT, S/W, etc.)

- Manufacturing Technology

- Market Demands

- Voice apps

- Smart Phone apps

- 3D Printing, robotics,

HME Manufacturing Carlsbad

HME Printed Circuit Assembly (**PCA**)

HSC Assembly & Test

HME dominates the QSR market.

Clear-Com Assembly & Test

Clear-Com equipment is trusted to broadcast many large live events including the Olympic Games.
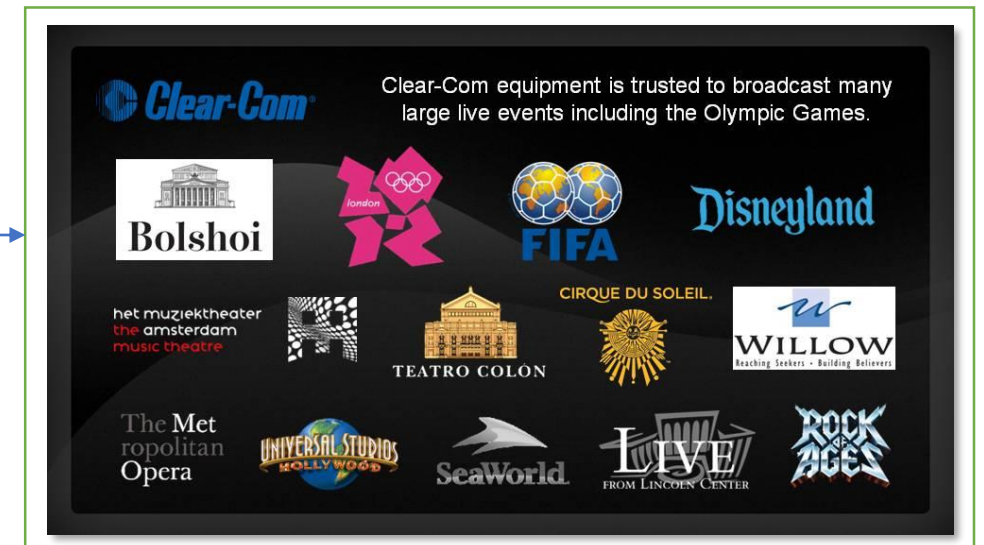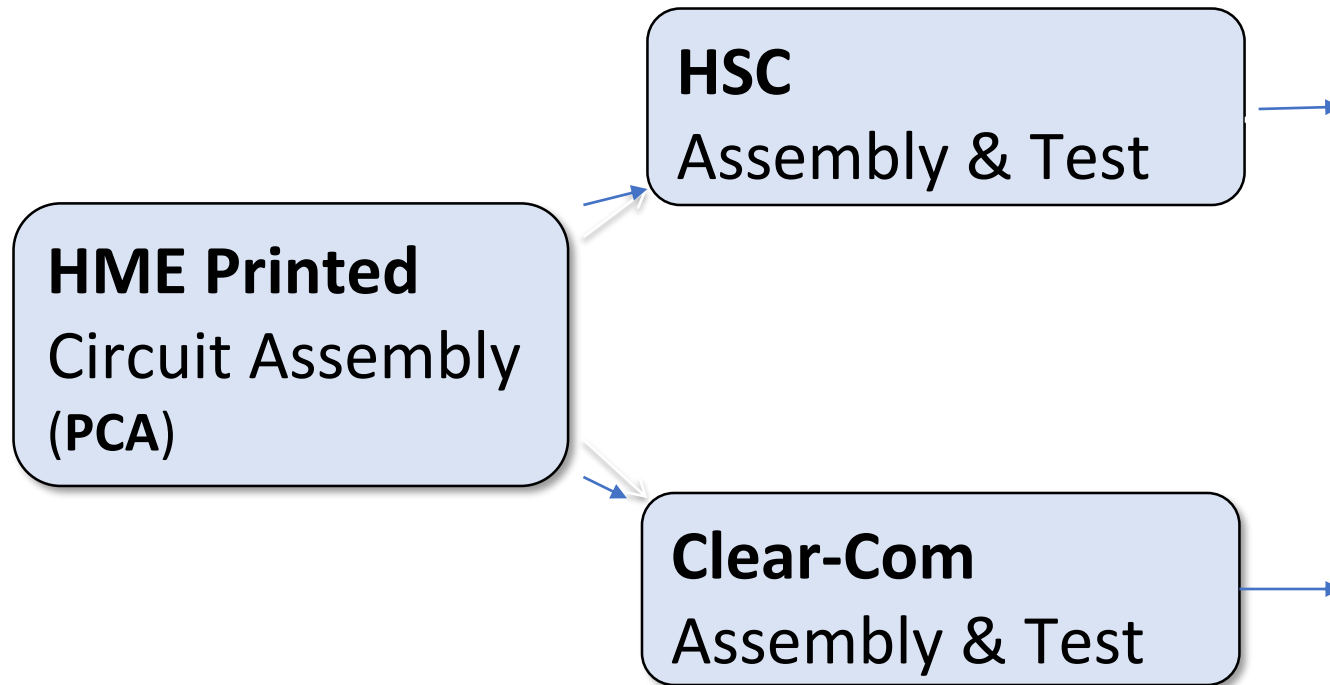
PCA Technologies

SMT & THA Components

Transceiver Board   Audio Board

PCA Assembly

EOS Base Station - Top

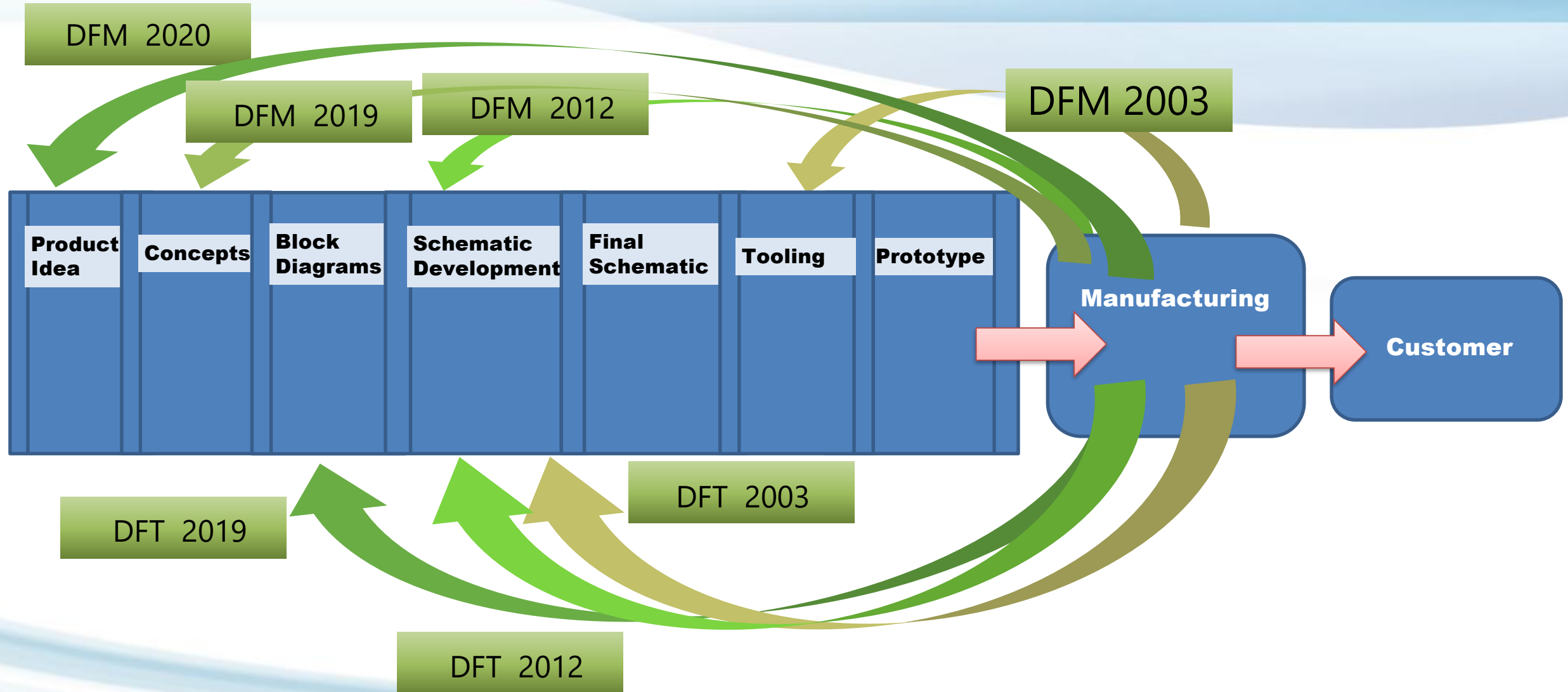# PCB's typically contain SMT components and THA components

Type 1
SM components only

Type 2
Leaded components on top surface
SM components on bottom surface

Type 3
Leaded components on top surface
SM components on both sides
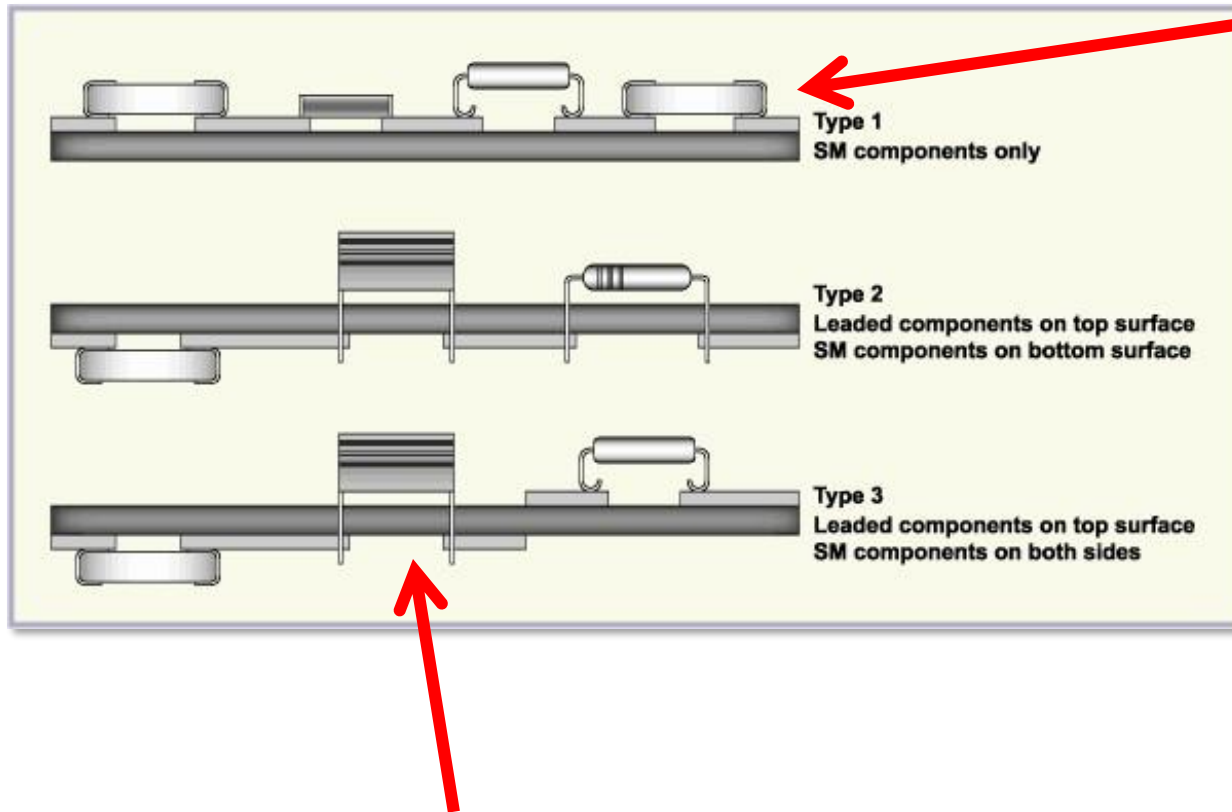
They can be very small

Integrating Mfg. Into The Design Process
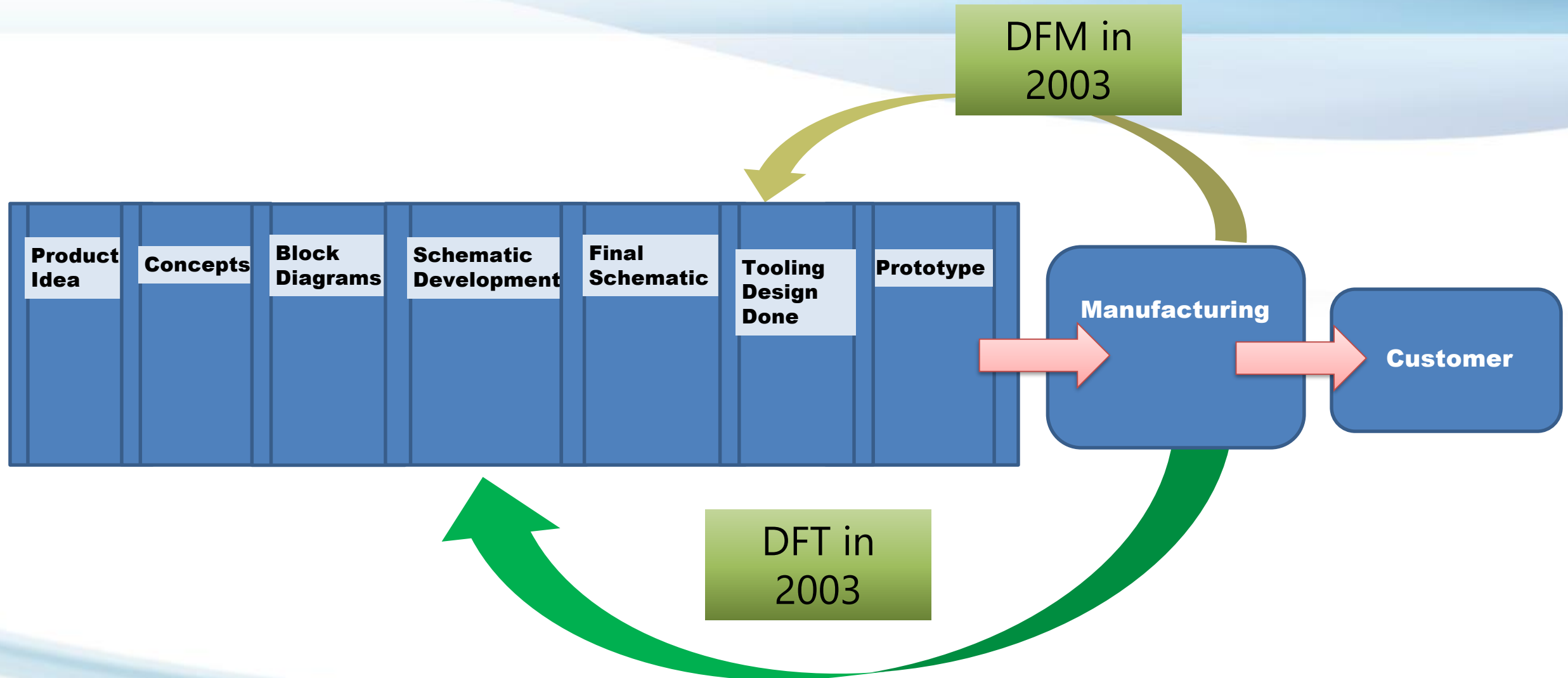
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GOALS

- What is Agile?

- What is the power and value of Agile to the business?

- What will you see on your tour?

UNCERTAINTY

How the customer explained it
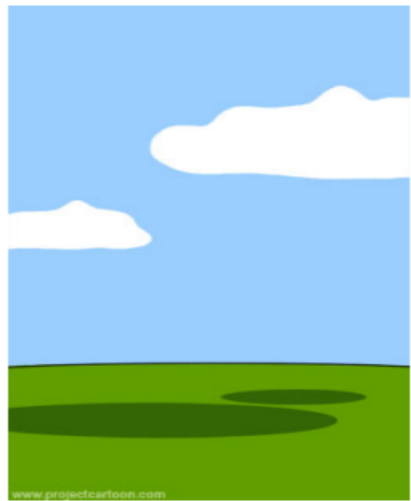
How the project leader understood it

How the analyst designed it

How the programmer wrote it
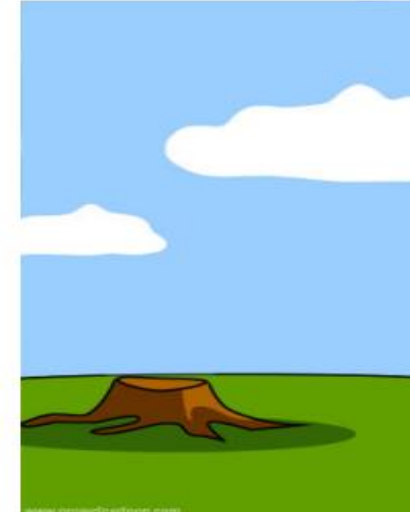
How the business consultant described it

How the project was documented

What operations installed

How the customer was billed
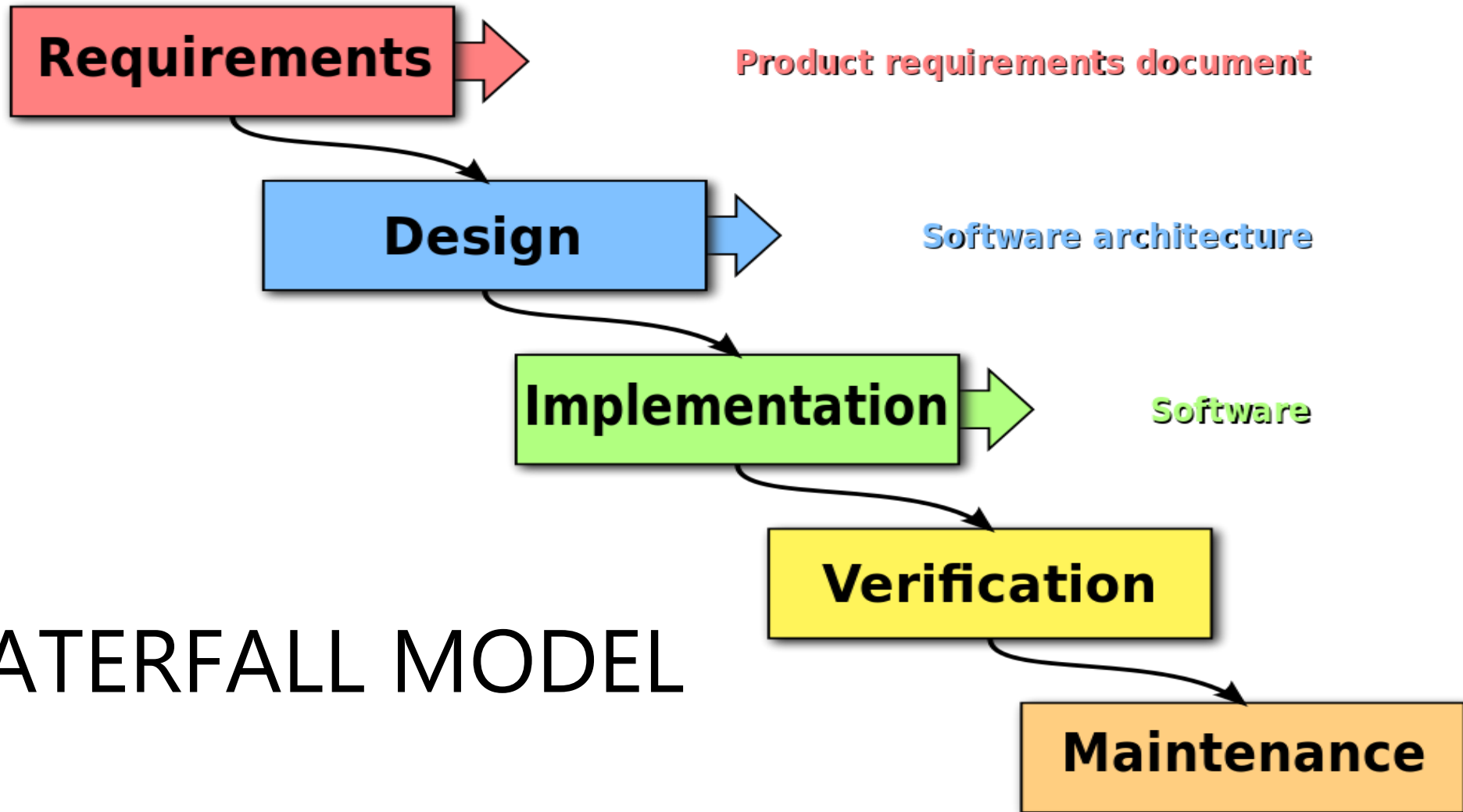
How it was supported

What the customer really needed
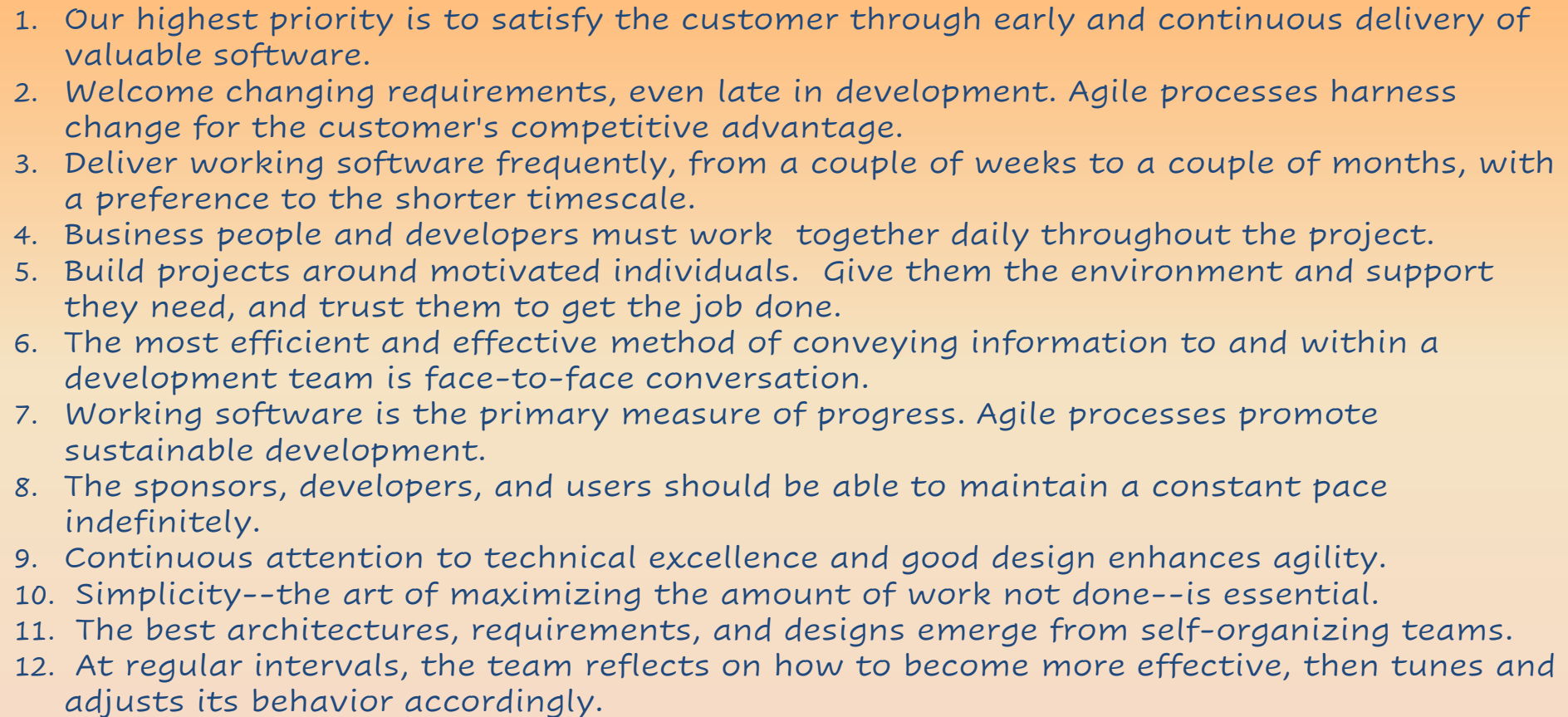
How do projects really work?

How do projects really work?

HME

WHAT IS AGILE?

Agile Manifesto (2001)

1. Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.
2. Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.
3. Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale.
4. Business people and developers must work together daily throughout the project.
5. Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.
6. The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.
7. Working software is the primary measure of progress. Agile processes promote sustainable development.
8. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.
9. Continuous attention to technical excellence and good design enhances agility.
10. Simplicity--the art of maximizing the amount of work not done--is essential.
11. The best architectures, requirements, and designs emerge from self-organizing teams.
12. At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.

HME

Our highest priority is to **satisfy the customer through** early and continuous delivery of valuable software.

HME

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HME

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HME

At **regular intervals, the team reflects** on how to become more effective, then tunes and **adjusts its behavior** accordingly.

HME

THE 4 KEY **CEREMONIES** USED IN AN AGILE/SCRUM PROJECT METHODOLOGY ARE:

- Sprint Planning
- The "Daily Stand-up"
- Sprint Demo
- Sprint Retrospective

**Sprint** - time-boxed iteration during which development occurs

Sprint Planning is the meeting where the team defines the prioritized (by business value) goals of the Sprint.
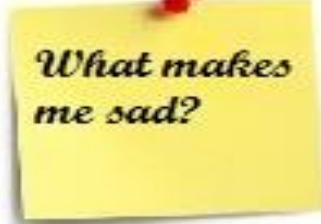
Daily Stand Up is a 15 minute sync-up between the entire team; this is NOT a status update to a project manager.

- What they completed since the last stand-up
- What they plan to complete until the next meeting
- Any impediments, or items standing in their way from completing intended work
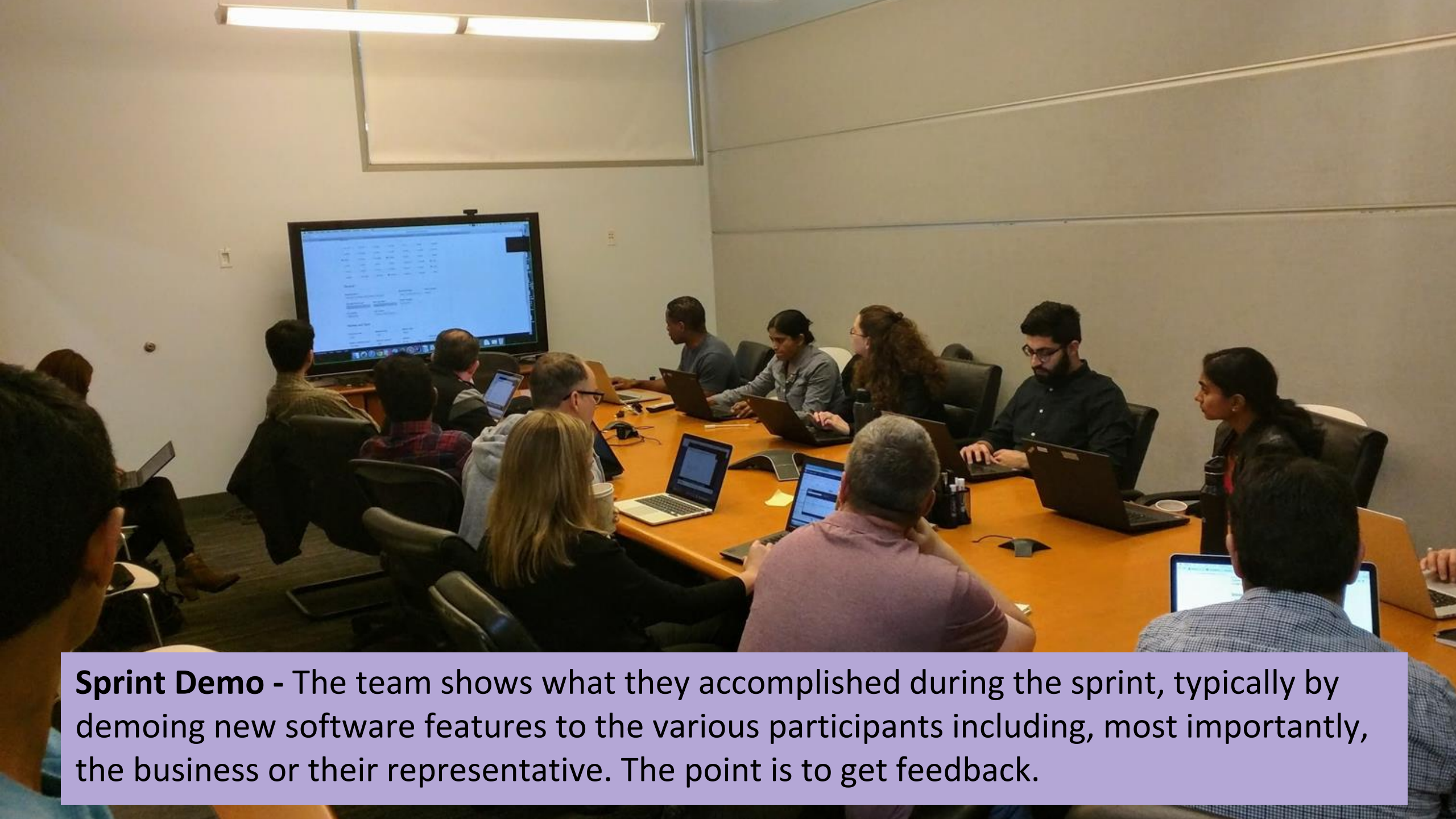
Sprint Demo - The team shows what they accomplished during the sprint, typically by demoing new software features to the various participants including, most importantly, the business or their representative. The point is to get feedback.

Sprint Retrospective - This is the opportunity for the team to openly discuss what went well during the Sprint that should continue and what areas need improvement without placing blame. Everyone is expected to have an open mind during the retrospective.

WHAT IS THE VALUE OF AGILE TO THE BUSINESS?

WHY DO TRADITIONAL APPROACHES NOT WORK?

The illusion of certainty

1. All the necessary decisions to define an application can be made in one requirements period, in a theoretical context, by people who do not know how to program applications.
2. All decisions and expectations can be communicated in one large requirements packet that is understandable to people who do not have the same context as the people who wrote the packet.
3. The context supporting business decisions made during the requirements period will not significantly change over the life of the project.
4. The changes in requirements during the lifetime of the project will be small enough as to not impact the length of the project.

The illusion of certainty

1. Assumes that customers do not have all the requirements up front.
2. Assumes that change is constant and therefore deliver in small increments to better track change.
3. Sprint demos help ensure the team understands the requirements in the first place and allows for course correction.
4. Deliver the highest business value features first. Allows for potentially shippable product in short, predictable time periods.

The acceptance of uncertainty

STUDIES

HME

McKinsey&Company

The performance of different types of IT projects varies significantly.

% of IT projects with given issue (for those with budgets >$15 million in 2010 dollars)

Project type	Average cost overrun	Average schedule overrun	Average benefits shortfall
Software	66	33	17
Nonsoftware	43	3.6	133
Total	45	7	56
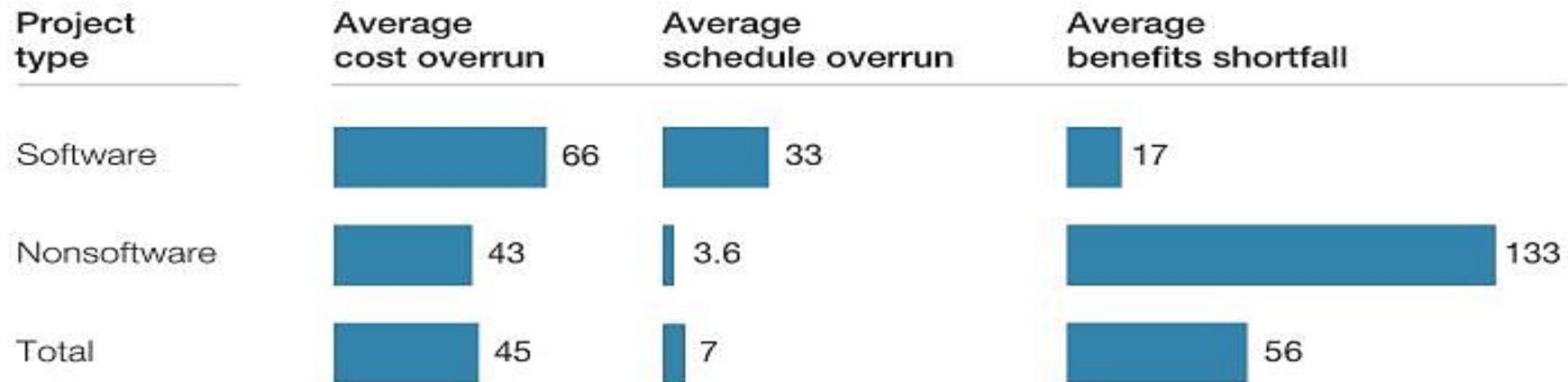
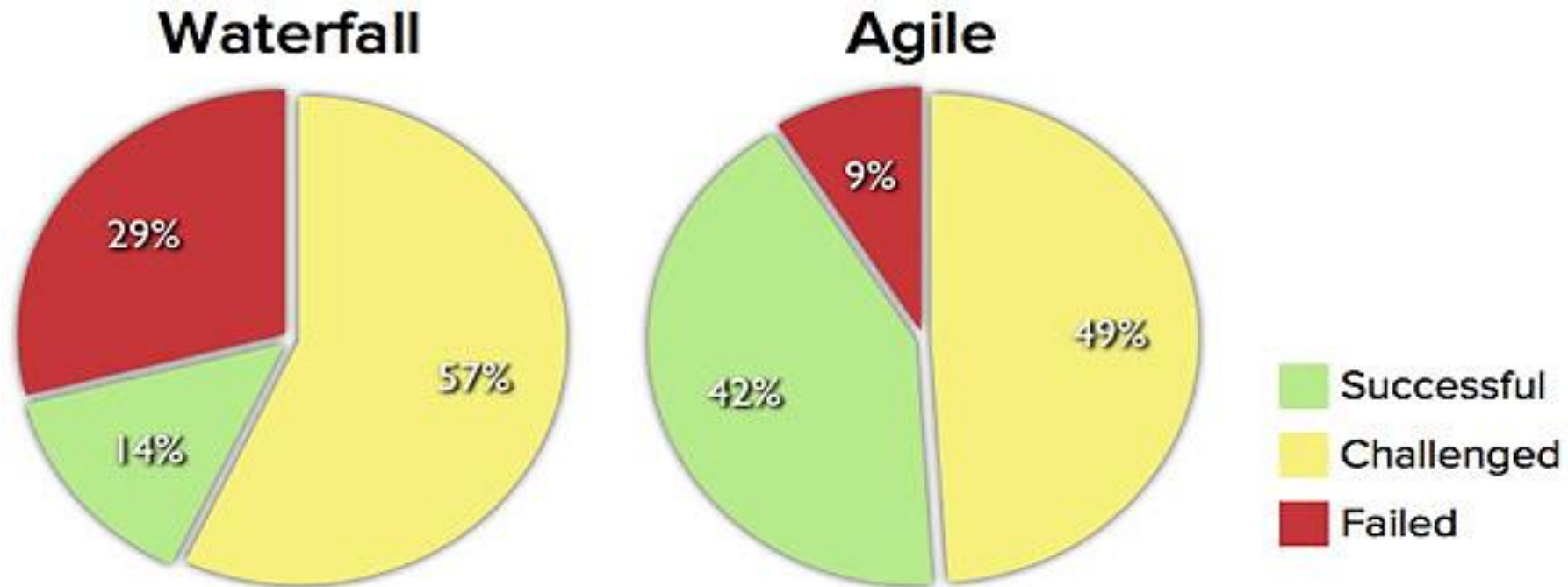Source: McKinsey–Oxford study on reference-class forecasting for IT projects

A 2012 McKinsey study revealed that 17% of IT projects budgeted at $15 million or higher go so badly as to threaten the company's existence. More than 40% fail.

RECOMMENDATIONS

HME

McKinsey&Company

Four ways to improve project performance

Our surveys of IT executives indicate that the key to success lies in mastering four broad dimensions, which combined make up a methodology for large-scale IT projects that we call "value assurance." The following elements make up this approach:

1. *focusing on **managing strategy and stakeholders** instead of exclusively concentrating on budget and scheduling*
2. *mastering technology and project content by securing critical internal and external talent*
3. ***building effective teams by aligning their incentives** with the overall goals of projects*
4. *excelling at core project-management practices, such as **short delivery cycles** and rigorous quality checks*

From: http://www.mckinsey.com/insights/business_technology/delivering_large-scale_it_projects_on_time_on_budget_and_on_value

HME

Source: The CHAOS Manifesto, The Standish Group, 2012.

The CHAOS Manifesto 2012 by the Standish Group shows that Agile projects are three times more successful than Waterfall projects. Chaos Manifesto is based on data collected through 2002-2010. According to Standish Group, a project is successful if it is "on time, on budget, and with all planned features".

HOW DO YOU TRANSFORM?

Be **agile** about Agile! Embrace the uncertainty!

THANK YOU

CONTACT

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