

Building a sustainable lean organization through internal heartbeat development

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Presentation Objectives

- Show how we sustained 18% a year sales growth for 8 years, by building a sustainable lean organization through internal heartbeat development.
 - The importance of core values
 - SABA
 - Effective On-boarding
 - Developing a leader first program
 - Creating the learning organization
 - The 5th metric

Use the 8 year journey of ECA to show a journey of growth and development



Who is ECA?

A maker of Power and data solutions for the furniture industry



A Quick History

- Founded in 1975 by David McCarthy
- Built new building in 1998
- Initial lean Journey began in 2000
- Russ, Dave & Glenn Purchased Company in 2006 (about \$4.5M in sales)
- Survived the loss of the largest customer. 25% of the business
- Sold to Dekko in 2016
- 6 of 8 Senior leaders leave the company
- Continued growth to \$36M in sales in 2019

So here we were in 2011 – ready to grow

- A good management team
- Eager and willing to work hard
- A desire to succeed
- Committed to the company
- Committed to being different



Start applying lean tools at a high rate

- Policy deployment
- Value stream mapping
- 5S
- Visual workplace
- Kanban
- Cellular manufacturing
- Kaizen



Finally success starts to happen

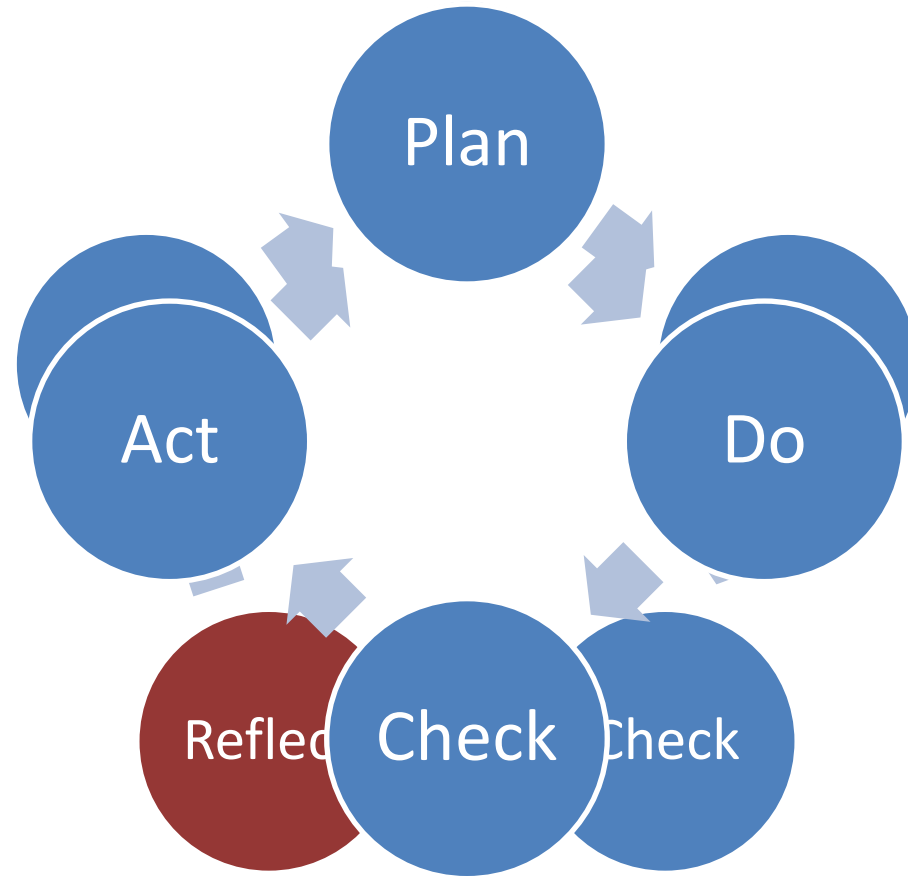
- Sales rise from \$7.6M to \$9.5M
- Profitability grows
- Customers are happy
- Employees are involved and excited



Then struggle

- We can't seem to all get on the same page.
- Uneven growth. Large rocks.
- Differing agendas.
- Differing ideas of what success is and how to get there.
- Difficult to sustain – Involved v's committed

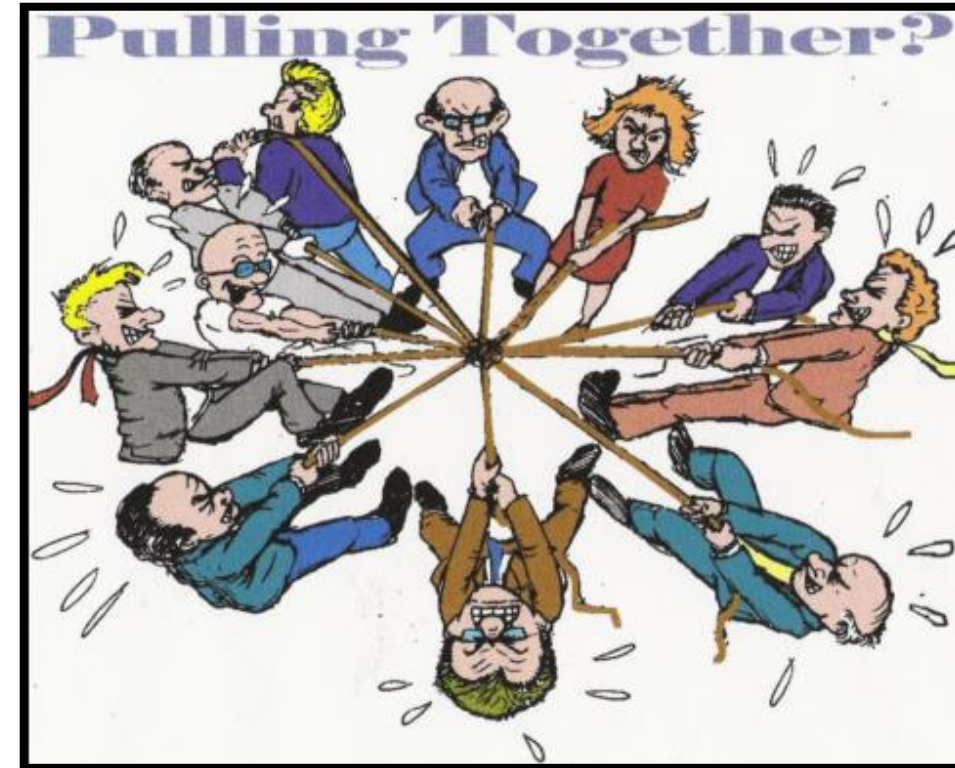




Why

- Battling ourselves more than the problems
- Too much work for a small group of people to do it.
- Struggling with alignment
- Ill-equipped to deal with success and growth

Success has many parents, failure is an orphan



Clarify our MVVP

Disconnect I

- We lacked
- We had a
- We agreed to
- Clarity of
- Result: Fr

OUR VALUES

CARING
To be sensitive to the well being of others

HONESTY
To tell the truth; to be worthy of trust;
to have integrity

RESPECT
To treat others as you would have them
treat you; to value the worth of every person

RESPONSIBILITY
To do what you ought to do; to be
accountable for your actions and
your obligations

COMMITMENT
To have a desire to be the best
at what we do

OUR VISION
To become the world class
leader in supplying
electrical/data solutions
to the office furniture
industry.

**“It’s my job to
be better than
the best and
that makes the
day for me.”**

-J. Buffett

What We Want To Do

Our Mission

Our Mission

1. Describes what business we are in and
2. Who our customer is

It captures our relationship with our customer.

***ECA provides innovative power and data solutions.
We are committed to delivering the ultimate customer experience by
building strong relationships focused on our customer's individual needs.***

What We Want To Be Our Vision

Our Vision tells the world – our employees, customers, consumers and the communities where we make and sell our products – what we care about.

To bring passionate people together to work hard, have fun and inspire each other.



What We Believe Is Important

Our Values

Our Values describe how we will conduct ourselves each and everyday.

- 1) Create and embrace change
- 2) Strive to be the best
- 3) Be honest, open and respectful
- 4) Inspire others
- 5) Be passionate
- 6) Accept responsibility and be accountable
- 7) Learn – everyday
- 8) Have fun

Clarify our MVVP



What We Mean to the World

Our Purpose

Personal Achievement



Community involvement

Learning - Everyday

Striving to be "better than the best"

Helping others

Being a Leader

Clarify our MVVP



Everyone, Everyday

Believing the Vision, Executing the Mission, living our Values and working with a common Purpose...

Clarify our MVVP



Clarity of vision

- Three month rollout of the mission, vision, values and purpose for all employees
- Started to tie to
 - Strategic planning
 - Policy deployment
 - Training
 - Hiring
 - Reviews
 - Rewards (Gain sharing)
 - Daily decision making



What did this do for ECA?

- Alignment through the organization
 - Clarity of who we were
 - Easy Decision guide
-
- Trust up
 - Reliability up



Some more Success then failure

- Sales, Pofits and Customer satisfaction rise
- True employee engagement rising
- However.....
- Not enough talent to sustain the growth
- Hiring was hit or miss
- We would train and then they would stop showing up



Revelation – Hire the right people

- Hire for values, train for skill

Cost avoidance –

- **People**

- Recruitment
- Training
- Productivity
- Management
- Firing

- **Materials**

- Sourcing
- Machining
- Rejection
- Rework
- Disposition
- Scrap



How do we create the desired attitudes?

Structures



Activities



Behaviors



Attitudes

SABA

By installing Structures that precipitate specific Activities to occur.

These activities foster certain Behaviors which over time motivate the formation of desired Attitudes.

Hire the right people



Onboarding process

- Its like dating.
 - Recruit through temp agencies who understand our values.
 - Toured our facility and understand our culture.
 - Meet our people
 - Apply our filters
 - Hire all direct labor people through these agencies
 - Referral program
 - No relative's policy
 - Community outreach
 - Social media
- Experience is not a requirement



Onboarding process

- The agencies are the 1st filter, weed out those who don't meet our core requirements
- Team supervisors interview the candidates for fit within their teams
 - If they approve then we bring them on board.



Onboarding process

- Then the 3 month dating process
- 8 on boarding classes in the 1st 3 months. All employees
 - MVVP
 - 5S
 - Safety
 - 10 Commandments
 - 8 Wastes
 - Kanban
 - Cellular manufacturing
 - ECA products




Onboarding process

- Monthly production manager - supervisor lunch
 - Review each candidates' progress in several key areas.
 - Monthly feedback is provided to the employee in all areas but one.
Attendance
- Test the potential employee to ensure that we know who they truly are. (Fox hole, and that they know us)
- After 3 months they are hired as an ECA employee.

Hire the right people



Onboarding process

		Human Resources		Document #	HR-Temp Rev
		Temp Associate Review Form		Revision	A
Name: Mirelys P Department: COC Position: ASSY II Shift: 1st		1.4 x 1.59" photo		Reporting Supervisor: Keichmarie H. Temp Start Date: 6/18/2018 Agency: Hamilton Referra 90 Day Date: 9/16/2018 Orientation Completed? <input type="checkbox"/>	
1 = Unsatisfactory, 2 = Needs Improvement, 3 = Meeting Expectations, 4 = Exceeding Expectation, 5 = Exceptional					
30 Days		Supervisor Notes			
Productivity	4	Mirelys has a great attitude, focus on her work and she has an interest on growing in the company since day one. She follow the processes and question things that are not clear for her or on the team.			
Attitude	5				
Quality	4				
Lean/CI mind	2				
Learning	5				
Special Skills 1 - 5	0	30 Day Plan			
What is the Special Skill		Keep training her in products like Knoll.			
Target Score: 18		20			
Attendance Points		2			
Associate Comments					
Associate:				Date:	
Supervisor:				Date:	



Onboarding process

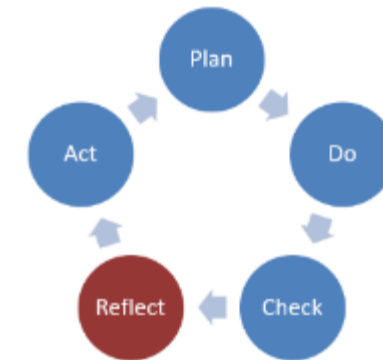
- The process of onboarding is reviewed on a regular basis to make sure that it is effective in finding the right people.

What did that do for us?

- Attrition rate after the 3 month period dropped dramatically
- Our employees are now our foundation.
 - Bad hires wastes significant resources and causes a large investment in training.

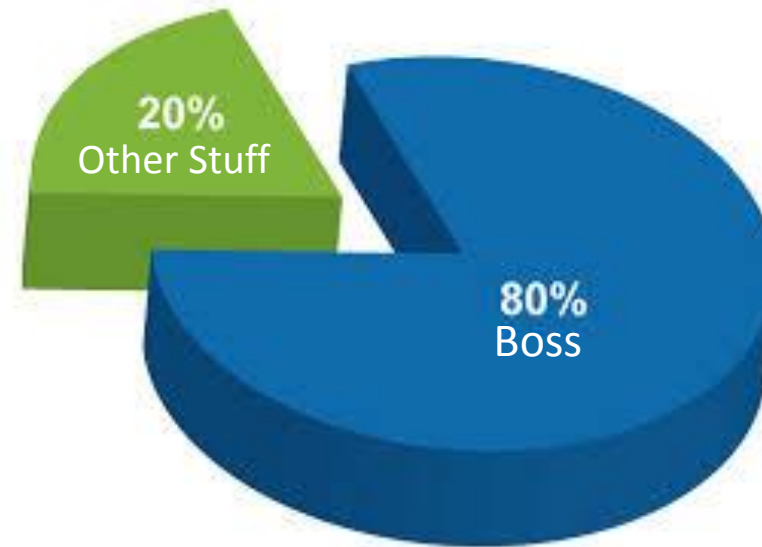
Success then struggle

- Now had a flow of good core value people
 - People who match the values we aspire to uphold
 - Yearning to be engaged
 - Training for skill was easier than expected.
 - Less time fighting for alignment
-
- The challenge
 - Ineffective heartbeat leaders



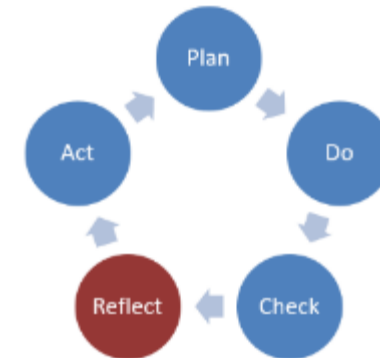
Provide good heartbeat leaders

People don't leave the company



They leave their leader

Solution: Provide good heartbeat leaders



Provide good heartbeat leaders



People don't leave the company

Go Gemba!

What we found was

- Some leaders were good raw material but were never trained
- Others were capable but were set up to fail.
- Others were good people not capable of leading.



Provide good heartbeat leaders



People don't leave the company

Solution

- Clarify & document team leader and supervisor roles
- Set the correct leader led ratio 7:1
- Provide the tools that a leader needs to win
- Train all current leaders to be heartbeat leaders
 - Reassign those who can't to roles that better fit their talents
 - Promote and train those who can get it, to fill the gaps

Goal: Give each team the perfect leader

Provide good heartbeat leaders

Promote & train those who can get it

- What does the perfect leader look like?
- Key attributes
 - Actively engaged
 - Process focused
 - Core values
 - Problem solvers
 - Ability to self-reflect and think deeply.
 - Applying the principles of lean



Provide good heartbeat leaders



Success

- The result
 - More active empowerment and engagement
 - Role models for others to follow
 - Clarity of purpose
 - Stability of the work force
 - Opportunity for employees
 - More learning
 - More Improvement activity

- Business grew

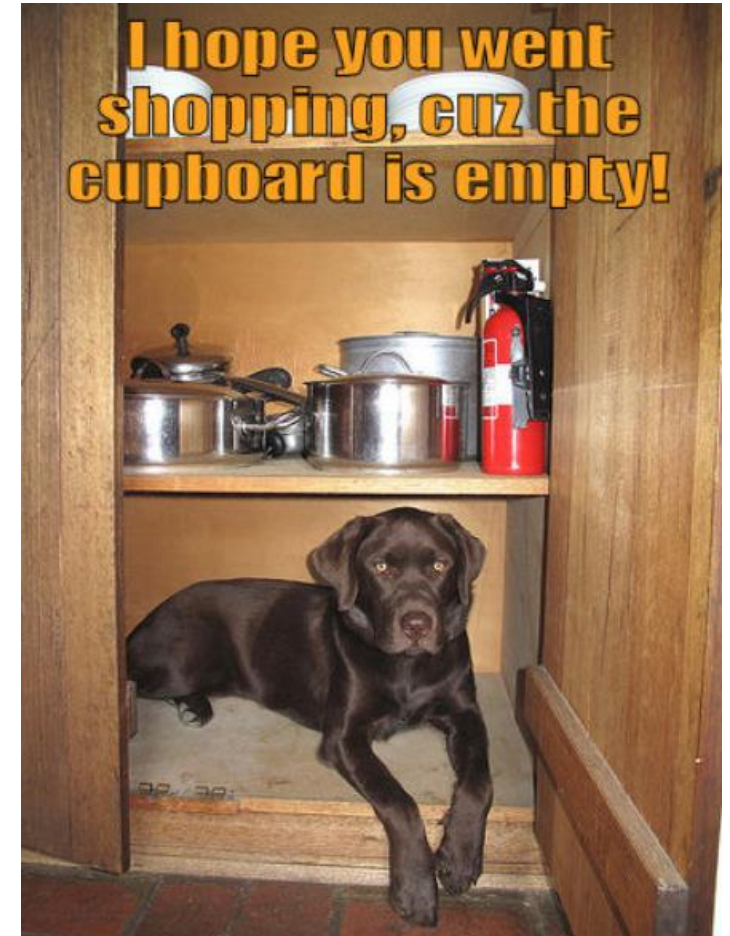
**MISSION:
ACCOMPLISHED**

..... then failure

- Oops, we are out of “natural” leaders.
- Didn’t have an internal pool of “lean leaders”

Solution

- Hiring outside.
- Hire for values. Hire good raw material.
- Look to develop and promote from within.



Solution – Hire experience

- Hired 2 team leaders and 5 supervisors with lean experience
- Good core values

Result

EPIC FAIL

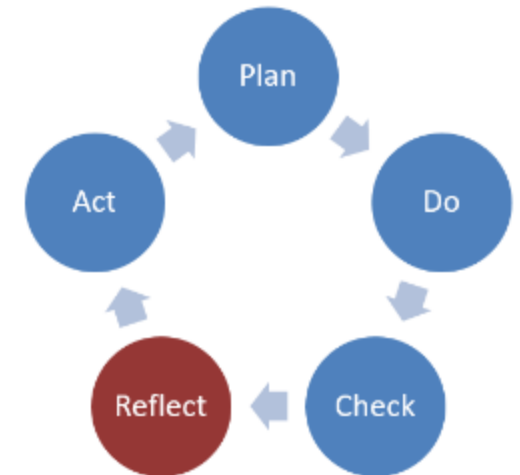
Why?

- Didn't have the lean experience we were looking for
- Values were hard to judge in an interview
- New leaders with little understanding of culture
 - Products
 - Process
 - Team dynamics
 - Or what good looked like
- Had a poor understanding what a heart beat leader is
 - Command and control v's empowerment and engagement



Three Fundamental Questions

1. How capable is our organization of surfacing problems and opportunities and resolving them thoroughly and quickly at all levels?
2. How engaged are our associates?
3. Are we developing tomorrow's leaders, today?



Develop heart beat leaders



Solution: Develop heart beat leaders

- No quick fixes
- Patience to grow the right leaders. Create the right conditions.
- **No leader is better than the wrong leader**
- The west point experience and premise
- Leaders before you need leaders - TMG



Created a Leader in training program

- Led by our Production Manger
- Run 2-3 times a year.
 - Anyone can apply, even temps.
 - They must be employees or temps in good standing.
- Basic training
- All we promise is that they can apply for a position as a lead when they complete the program

Develop heart beat leaders

Leader in training program

- Takes place over several weeks
- 4 Class room sessions
 - Based on “Creating a lean culture” David Mann
- What it means to be a heart beat leader
- ECA production system
- Job shadow day
- Reverse job shadow
- Improvement project and final presentation



Develop heart beat leaders

Outcomes of the Leader training program

Identifies good leadership candidates early

1. They learn what it takes to be a leader
2. They may decide that its not for them
3. You may decide that it is not for them





Outcomes of the Leader training program

1. A better first follower
2. Respect what their leaders have to do each day
 1. Support their leader more effectively
 2. Act as a back up when the lead is out
3. Use it as a spring board into a different role
4. Become more engaged
5. Become more loyal

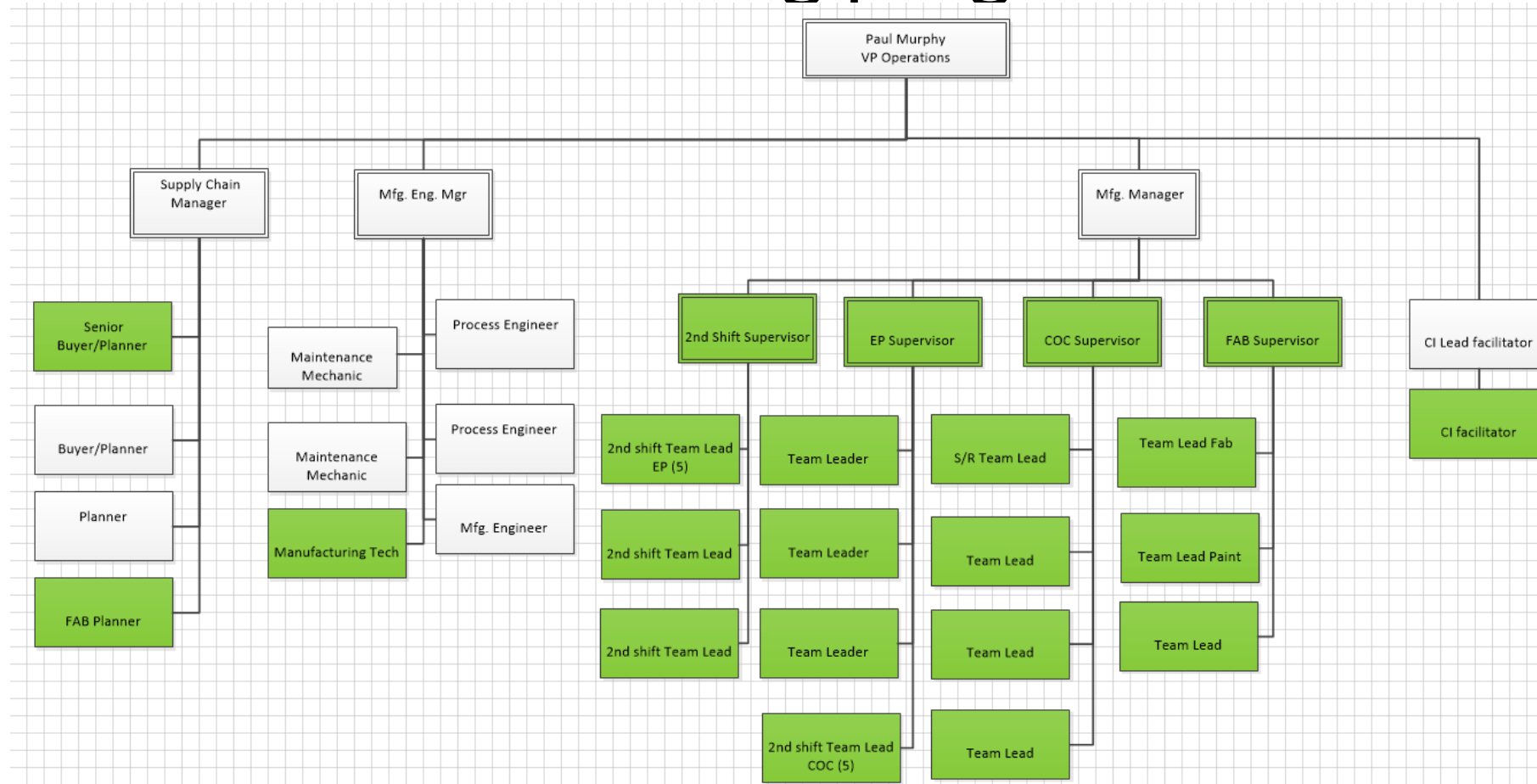
Leader in training program - Results

- To date ~ 90% success rate
- Leads to support our growth 7-1 ratio
- Early engagement of our work force
- Consistency from team to team

- Unintended consequence
 - Production Planner
 - Maintenance tech
 - Fabrication tech
 - Continuous improvement facilitator

Develop heart beat leaders

Leader in training program - Results



Characteristics of our heartbeat leaders

- Career v's Job
- **More introverted than extroverted**
- Process focused
- **Eager to learn**
- Good listeners
- High standards
- **Persistent and insistent**
- Takes responsibility

- You are what you tolerate

- 1) Create and embrace change
- 2) Strive to be the best
- 3) Be honest, open and respectful
- 4) Inspire others
- 5) Be passionate
- 6) Accept responsibility and be accountable
- 7) Learn – everyday
- 8) Have fun

- 8) Have fun
- 7) Learn – everyday

What else did we do?

- Rotate leaders regularly
 - Encourages leaders to rely on the process and not on their local knowledge
 - Taylor
 - Assembly 1,
 - Assembly 2,
 - Team lead COC,
 - Team Lead Paint,
 - Supervisor COC,
 - CI facilitator
- Move leaders into other roles within the company
 - Walter Fabricator - Team lead - Maintenance Tech



Success and then

- August 2016 Company sale.
 - A true test of the robustness of leadership
 - Dealing with a leadership transition.
 - 6 of 8 senior managers have retired/left
 - 2 new additions & one promotion.
 - The strength of culture.
 - Now have clarity of identity.



Result: Continued growth

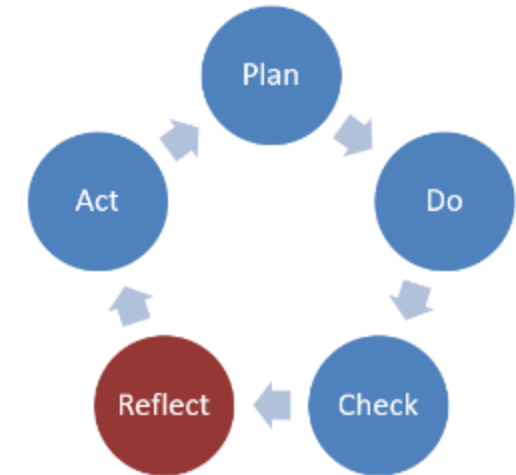


New challenge: Sustaining engagement

- No obvious burning bridge
- How do we create a self generating organization
- Biggest threat is who is next to lead

Solution - Deploy

- 5th Metric Score card
- Targeted Employee engagement plans



What is the 5th metric?

SQDCE

- Safety
- Quality
- Delivery
- Cost
- **Engagement**

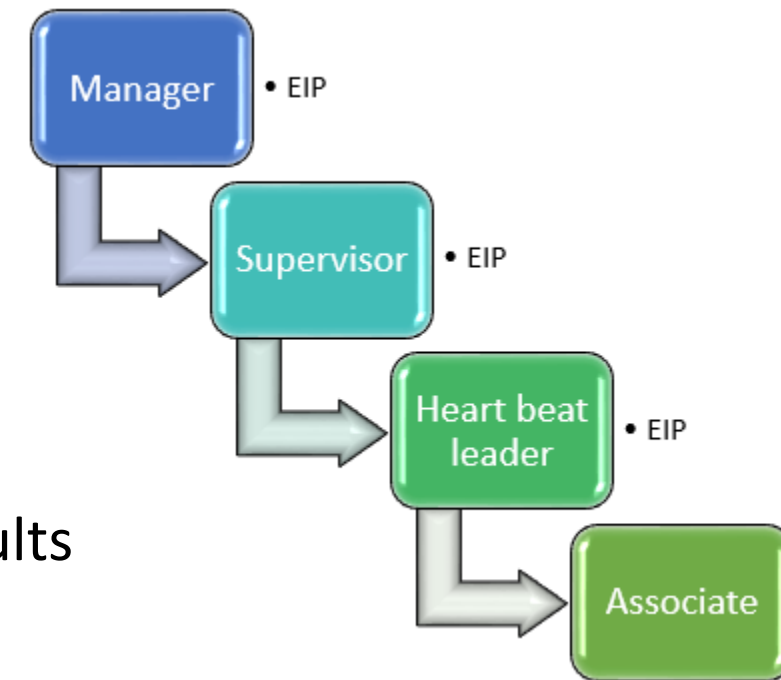
If we **align** the organization and improve **leader behaviors** then....

...we will increase **team engagement** and improve **business performance.**

How do we measure and improve engagement

Engagement is about the relationship between the leader and the led

1. Set expectation between leader – led from the start
 2. Leader sits with led each month and works on EIP
 3. Monthly meeting rhythm
- Start slowly with expectation conversations
 - Then one Engagement Improvement Plan EIP.
 - More important to get the process working than to see results



The 5th metric



Monthly Report out

TMG					HB Leader 5 th Metric Scorecard					ECA					
Month: May					Leader: Raquel Almonte										
Team Metric Snapshot															
Metric					Value										
Total Headcount Start Number from the End of Last Month					7										
Minus the Number of Teammates Who Departed					-										
Plus the Number of New Teammates					+1										
Total Head Count End					8										
Engagement Numbers Should Equal Your End Headcount					E:5	D:3	A:0								
Number of Unscheduled /Unplanned Absentee Events					4										
Number of Open Job Requirements															
Number Out on Disability / FMLA (included in Disengaged, not helping or hurting the team)					1										
Names of Teammates Who Departed		Date/Reason		Names of New Teammates		Expectations & 1on1 complete?		Start Date							
				Karen		yes		5/21/2019							

TMG													5 th Metric Scorecard													ECA												
Month: June													Leader: Raquel Almonte																									
Linear Tracker for Team Engagement																																						
Teammates (first & Last name)		Jan			Feb			Mar			Apr			May			Jun			Jul			Aug			Sep			Oct			Nov			Dec			
		E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	E	D	A	
1 Sandra								X	X					X	X		X																					
2 Elizabeth									X	X				X			X																					
3 Karen														X	X		X																					
4 Jorge								X	X					X			X																					
5 Tamara								X	X					X			X																					
6 Margarita								X	X					X			X																					

The 5th metric



Engagement Improvement plan

Supervisor/Manager	Leader	Area	5MSC					Rating			
			Start	Loss	Gain	End	UA	Jobs	E	D	A
Patricia Espinal	Raquel Almonte	Fab	8	1	1	8	5	0	8	0	0
		Paint	8	0	0	8	5	0	6	2	0
		Fab	8	1	0	7	0	1	7	0	0
Elizabeth Nieves (2nd)	Rathelie Montanez	COC	7	1	0	6	2	2	5	1	0
		EP/Prep	7	1	0	6	1	3	3	2	2
		Fab	7	1	1	7	3	0	4	3	0
		Fab	7	0	0	7	0	0	4	1	2
Jackie Mendez	Melissa Llevano	C120/C140	11	2	1	10	2	0	8	3	0
		Connectrac C130/133/C190	8	0	0	8	0	0	7	1	0
		Shipping/C100/C110	8	0	0	8	1	0	5	3	0
Keichmarie Hernandez	Suima Jara	Shipping/Receiving	8	0	0	8	3	0	6	2	0
		C200/C210	9	0	1	10	0	0	7	3	0
		C900	6	2	1	5	5	0	3	2	0
		C235/C270	11	2	0	9	5	0	5	4	0
Lauren Lawrence	Customer Service	5	0	0	4	0	0	3	1	0	
Anna Juskow	QA/ME & Maint	7	0	0	7	0	1	6	1	0	
TOTALS	TOTALS	125	11	5	119	32	6	87	29	4	
Engagement Score								261	58	4	
								2.71			



5th Metric Scorecard

Individual: Sandra G

Engagement Level: D

Leader: Raquel Almonte

Start Date: 6/1

Target Date: 6/31

Engagement Improvement Plan

Plan: Sandra tries to make things happen and meet the goals when it comes to taking out the orders on time. The problem is that sometimes she would accept things as they are. My plan for Sandra is to speak up and don't accept things as they are and from this to think more of the values of the company before taking action on things.

Status: close

Action Items (SMART – Specific, Measurable, Agreed, Realistic, Timeframe)

Action	Target Date	Complete Date	Status
1. Present the plan to Sandra	5/30	5/30	c
2. Have Sandra present to the team what is her project and the objective of it	5/31	5/31	c
3. Have her find 5 things within the department that she wont accept as is	6/3-6/7	6/7	c
4. Have Sandra present to me and the team the things that she found	6/10	6/10	c

Advantages of this process

- Focusses on leader – led relationship, not on outcomes
- Opportunity for substantive conversations
- Development opportunity not just focused on troubled employees
- An Objective engagement score, helps see trends.
- An empowering tool for team leads
- Clarifies leader led relationship

Selected results – Bottom line

- 8+ years with 18%+ YOY organic growth
- Superior profitability and growth in profitability
- **Produced & Shipped 4,000 product variations from 36 families in the last 12 months**
- Lead time averaging 14 days
- On time >98%
- Inventory turns at 18 and growing 7% each year
- 15% YOY reduction in defects
- High Customer satisfaction rating

From a community perspective

- 60% reduction in energy used per unit produced
- Quarterly Gain sharing program
- **Deep, growing commitment to our community**
 - 6 charity events completed in 2019
 - 7 employee engagement events
- High level of employee engagement
- **1005 Improvements in 8 months 2019**
- >85% participation
- 60% of work force have changed roles



In summary

- Hire for values train for skill
- Test the people to understand what they have
- Train leaders before you need leaders
- Rotate leaders through different areas regularly
- A team is better off without a leader than with a bad one
- Invest in your good people
- Take time to build good habits



Thank You!

Your opinion is important to us!

Please take a moment to complete the survey using the conference mobile app.

**Session No: WS/32
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heartbeat development**

Paul Murphy

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