



A Lean Journey to World Class Results

Craig Priddle

President & CEO

OEM Remanufacturing Co.





Finning International

FINNING®

CAT®



Construction



Forestry



Power Systems



Mining



Finning International





OEM Vital Statistics



602



\$240M



325,000 ft²

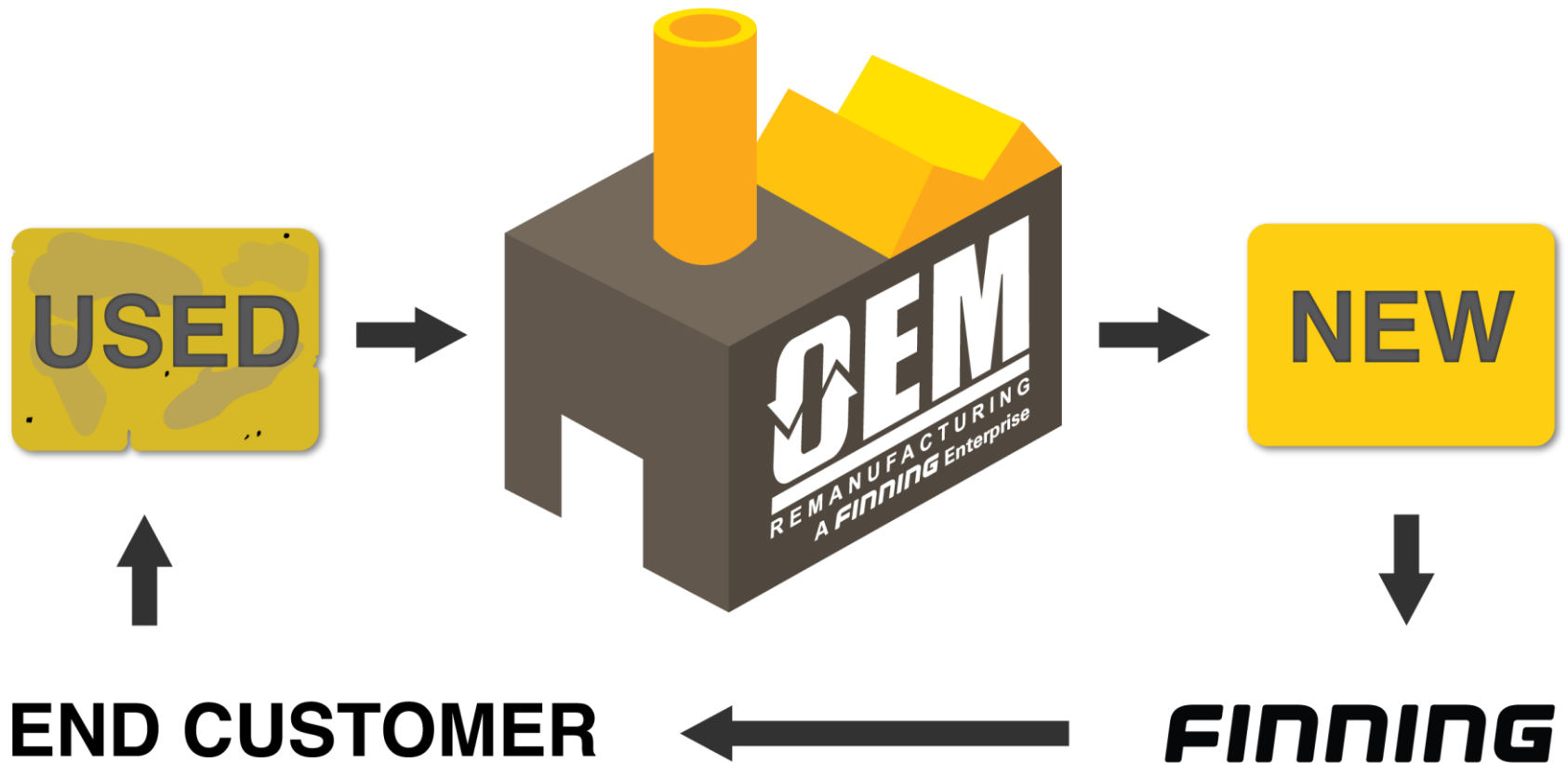


OEM





What is Remanufacturing?





Purpose-driven Excellence

- **Share** three key drivers in delivering exceptional results:

- ★ **1 Leadership Commitment:** Vision and Mission statements that have meaning
- ★ **2 A Learning Approach to Lean:** Commitment to learning, experimenting, and failing safely
- ★ **3 Engaging All Employees:** The incredible power of 602 minds!

Plus several examples of what NOT to do...



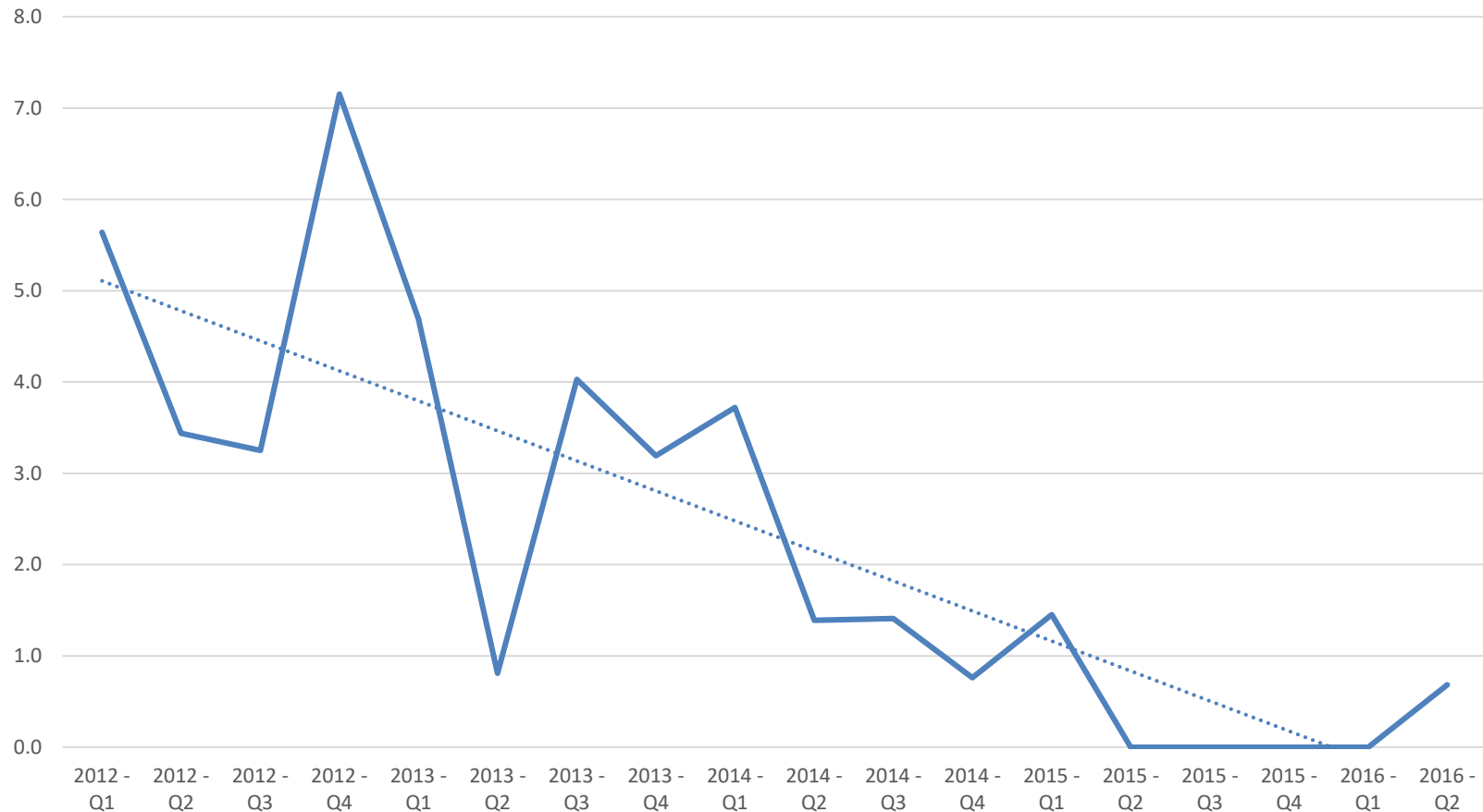
In the beginning...

- OEM circa 2011 - “A gong show of craziness”
 - 6 years of high growth (25-40%)
 - Few documented processes
 - Excessive waste
 - Poor safety performance
 - New Process Improvement Department (6 Sigma focus)
- “Let’s try Lean”



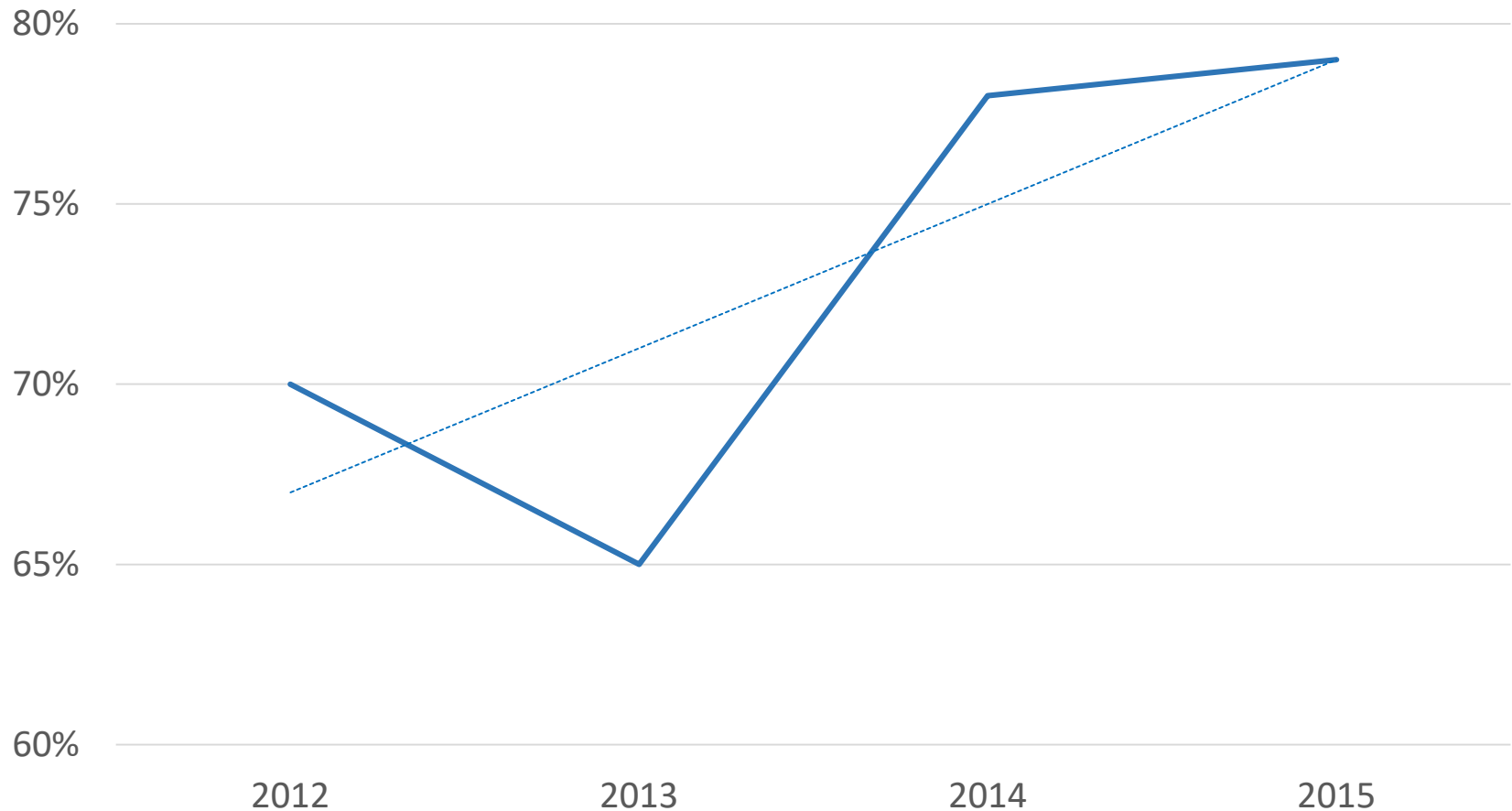
Safety Performance

Total Recordable Injury Frequency Rate



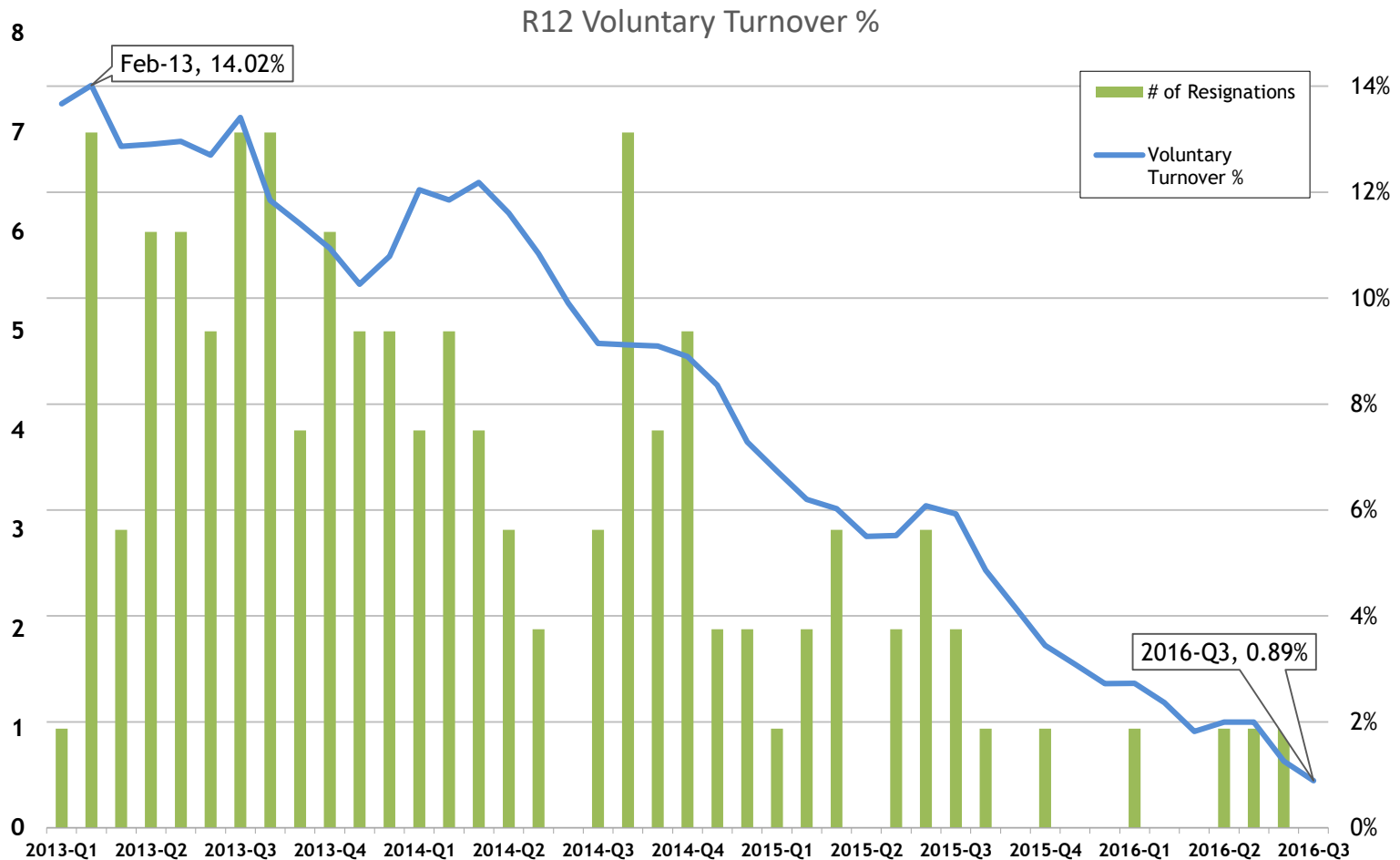


Employee Engagement





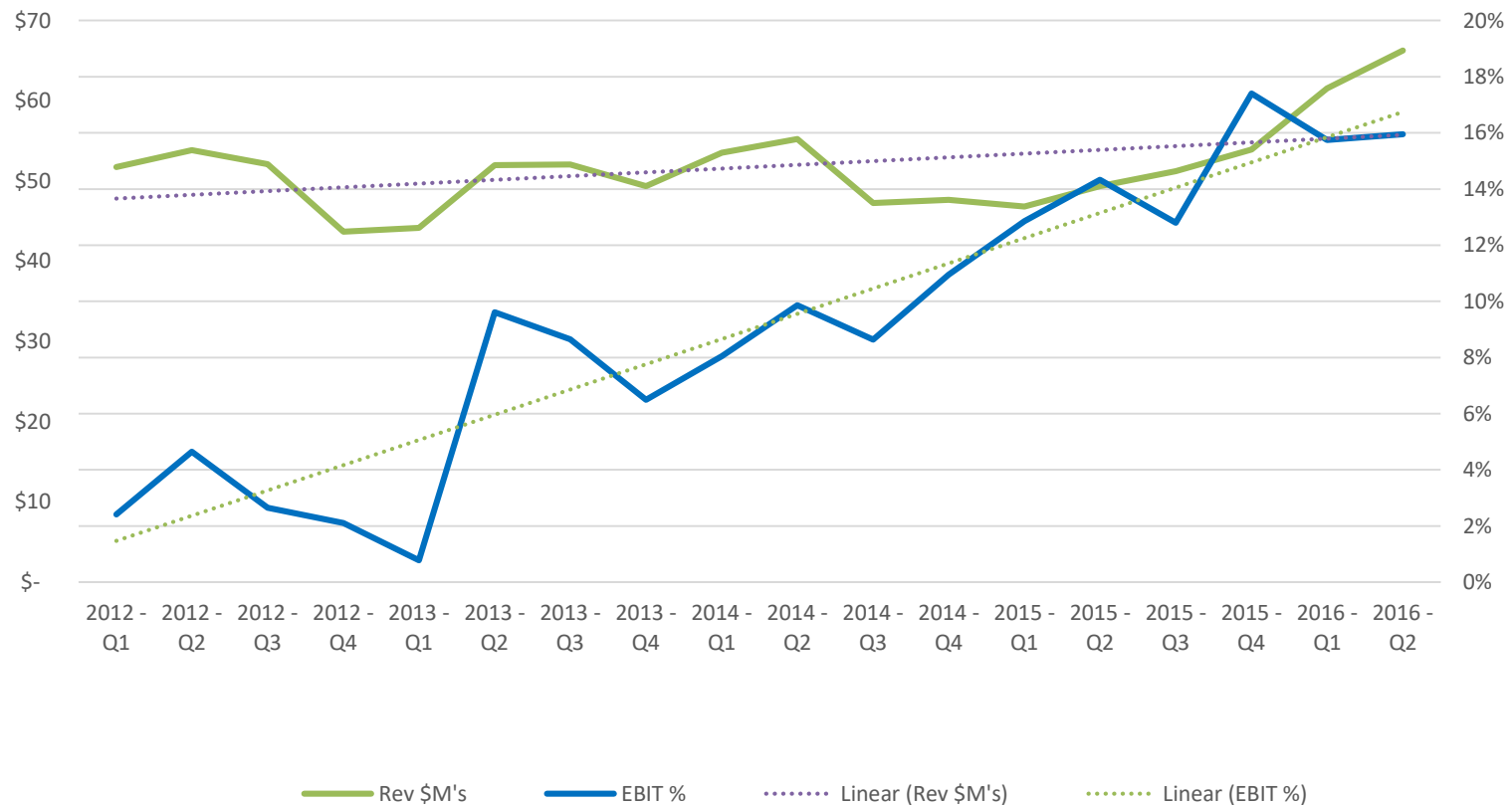
Employee Turnover





Financial Performance

Revenue & EBIT Margin





★ 1 Leadership Commitment

VISION

Our vision is to be the recognized performance leader in the remanufacturing industry. We will safely achieve this through an unwavering dedication to operational excellence, the relentless pursuit of continuous improvement and our community of engaged people.

**VISION
2020**

MISSION

We safely remanufacture reliable components to reduce our customers' operating costs by investing in our People and Process.

CORPORATE GOALS

Health, Safety, and Environment

Employee Engagement

Exchange ROIC

Revenue

Quality

Lean

Lead Time

STRATEGIC AREAS OF IMPROVEMENT

Safety Culture

Delivering Value

Lean

Business Development

Business Reporting

VALUES

WE WILL put safety first. WE WILL drive for performance. WE WILL continuously improve. WE WILL care for each other. WE WILL take personal responsibility.

WE ARE OEM



Leadership Commitment

Vision

Our vision is to be the recognized performance leader in the remanufacturing industry. We will safely achieve this through an unwavering dedication to operational excellence, the relentless pursuit of continuous improvement and our community of engaged people.

Mission

We safely remanufacture reliable components to reduce our customers' operating costs by investing in our people and process.



Leadership Commitment

- Key Lean leadership responsibilities
 - Lean leadership cannot be delegated
 - Ultimate success = a change in culture
 - Senior leadership team commitment is essential
 - Humility is important – learn with your teams



Leadership Commitment

- Learn:
 - AME events & training
 - AME Champions Club
 - Local Lean consortiums
 - Read
- Lead:
 - Really participate in RIWs, Kaizen, etc.
 - Teach segments of internal Lean training
 - Organize book clubs
 - Recognize success stories





★ 2 A Learning Approach to Lean

- **“70%+ of Lean implementations fail”**
 - Lean plan must consider how to overcome
- MANY great organizations sharing success stories
 - Lots of great ideas and frameworks
 - Their exact approaches didn't work for us
 - Lean implementation cannot be (fully) outsourced
- Learning through experimentation is vital for long term success



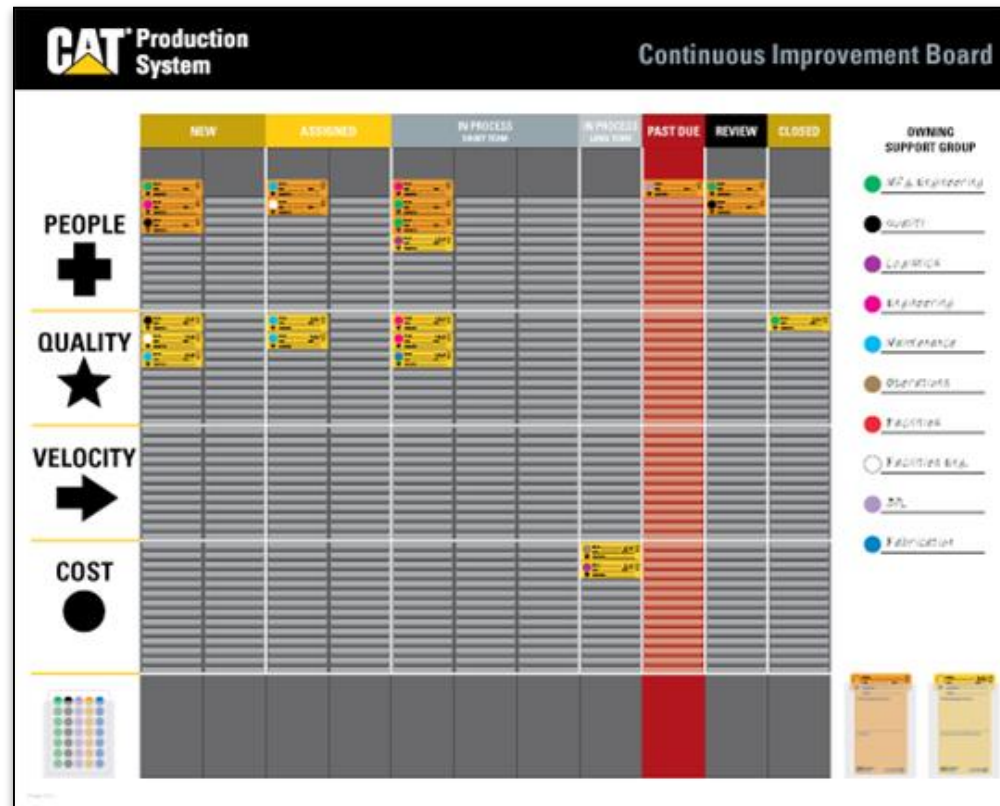
A Learning Approach to Lean

- **OEM approach**

- Make Lean part of our Vision and Mission
- Build a very flexible Lean implementation strategy
- Revisit Lean strategy quarterly
- EVERYBODY learns Lean
- Lean experimentation encouraged
- Failures aren't "failures"
 - Opportunities to learn
- Sustaining takes constant effort
 - Audits are required; opportunities to celebrate

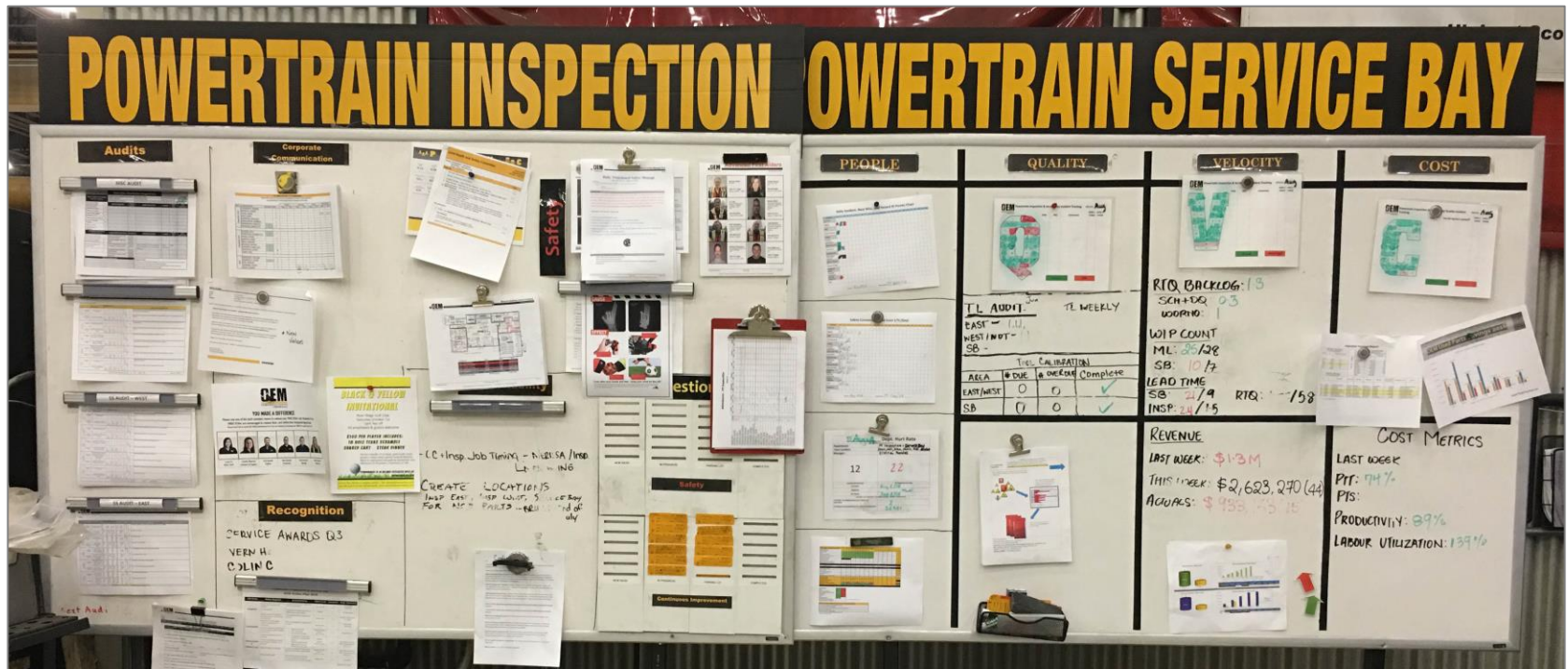


A Learning Approach to Lean





A Learning Approach to Lean





A Learning Approach to Lean

- OEM “Lean Fundamentals” course
 - 100% of employees required to attend
 - Three full days of Lean training
 - Instructor lead classroom sessions plus...
 - Hands on simulations
 - Extensive activities and exercises





★ 3 Engaging All Employees

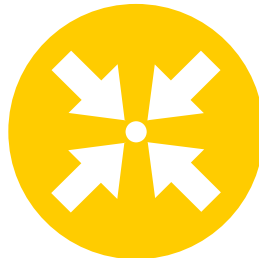
- Lean communication
 - OEM's Lean Journey graphic
 - OEM "Lean Machine" monthly newsletter
 - Include Lean in monthly scorecard
 - Lean part of strategic plan



LEARNING



EXPERIMENTING



UNITING



SEEING



ENGAGING



LEADING



Engaging All Employees

- Accelerating results: **employee suggestions**
- Prerequisites:
 - Lean training
 - Visual Management
 - Strong Lean communication





Engaging All Employees

- Accelerating results: **employee suggestions**
- Visual Management
 - Visual management boards in all areas
 - Lean is NOT just production
 - Flexibility around creation of boards
 - “Where are we winning, where are we losing?”
 - Employee suggestions to address gaps



Engaging All Employees

- Accelerating results: **employee suggestions**
- Front line manager support
 - Cannot allow this to fail!
 - Safety shift supervisor part of the team
 - Support areas lighten supervisor workload
 - Value Stream General Manager oversight
- Monthly reporting
 - MANY opportunities to celebrate!



Engaging All Employees

- Accelerating results: **employee suggestions**

The image shows two overlapping employee suggestion forms. The top form is yellow and the bottom one is orange. Both forms have the following fields: ORIGINATOR: (with a circle icon), OWNER: (with a circle icon), REF. #, AREA: (with a circle icon), 1) Detailed description of Idea / Issue: (with three small squares for idea validation), 2) Business Case for Idea / Root Cause of Issue: (with a row of icons), and a CAT Production System logo at the bottom. The orange form also has a 'Status' field with a circle icon and a 'See reverse side for Solution / Action Plan' arrow at the bottom right.





Engaging All Employees

- Accelerating results: **employee suggestions**





Learning Moments...

- Implementation strategy #1:
 - All tools. And only tools.
- Standard work attempt #1:
 - \$250,000 lesson
- Training = results:
 - Expecting 1:1 relationship
 - Lean journey
- 5S as a verb
 - Significantly underestimated sustainment



World Class Results

- Leadership commitment
 - Live our (Lean) Vision, Mission & Values daily
- Learning approach to Lean
 - Everyone committed to learning, willing to fail as part of the process
- Engaging all employees
 - Everyone encouraged to contribute ideas at all levels

“Safety focused culture of continuous improvement”



What's next?

- People Focused Leadership based on the success of our suggestion program
- Leadership is #1 area of negative feedback on our Employee Survey
- Currently NO leadership training
- Better support for leaders = further engaging all employees



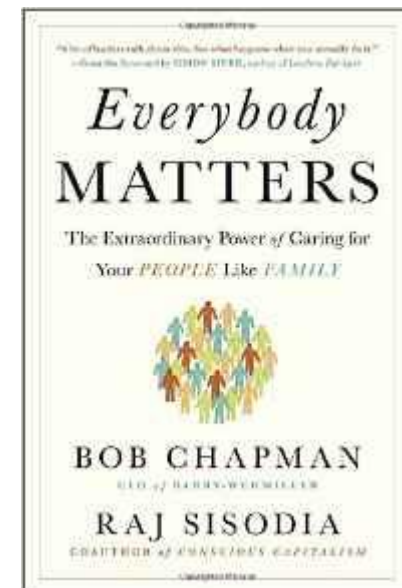
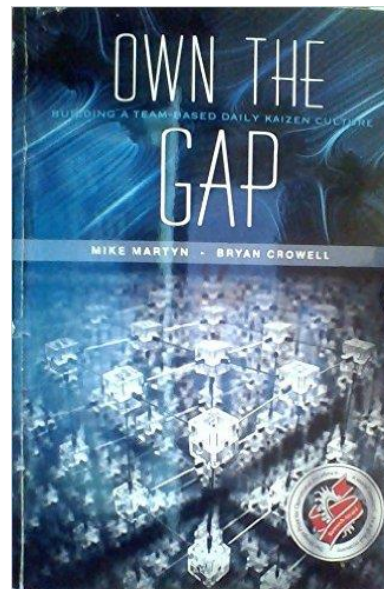
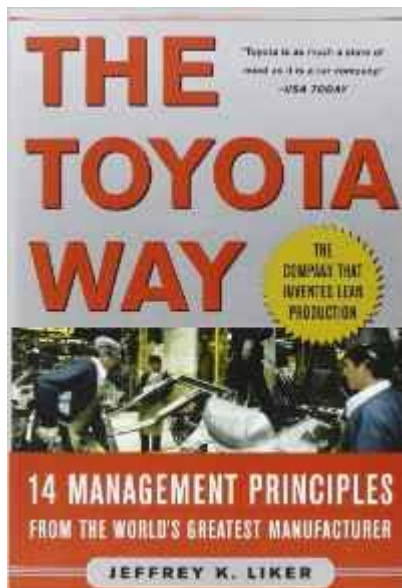
What's next?

- People Focused Leadership outcomes:
- Multiplier effect for stakeholders
 - Employees
 - Value
 - Respect
 - Customer
 - Quality
 - Service
 - Shareholder
 - EBIT
 - ROIC



References

- The Toyota Way by Jeffrey Liker
- Own the Gap by Mike Martyn and Brian Crowell
- Everybody Matters by Bob Chapman





Thank You!

Your opinion is important to us!

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

Session:

A Lean Journey to World Class Results

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craig.priddle@oemreman.com