

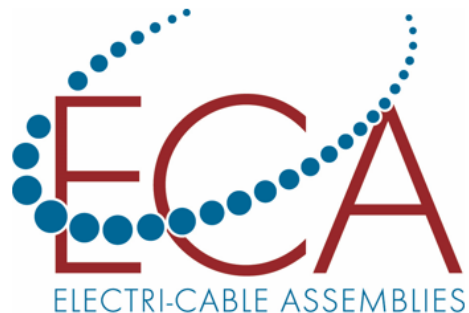


# Building a sustainable lean organization through employee development

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**VP of Operations**

Electri-Cable Assemblies





# Presentation Objectives

- How to sustain 20% a year sales growth for the last 7 years
- How we built 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



# What motivates all of us?

- We all dream of being successful and being part of a winning organization.
- We want to be a part of something big.
- We want to feel a sense of belonging.
- Making contributions that have a significant impact or difference.
- Position to influence the direction of the company.





## Who is ECA?





# A Quick History

- Founded in 1975 by David McCarthy



- Built new building in 1998
- Initial lean Journey began in 2000
- R,D&G Purchased Company in 2006 (about 4.5M in sales)
- Survived the loss of the largest customer 25% of the business
- Survived 2008 recession
- Sold to Dekko in 2016





# So here we were in 2011 – ready to grow

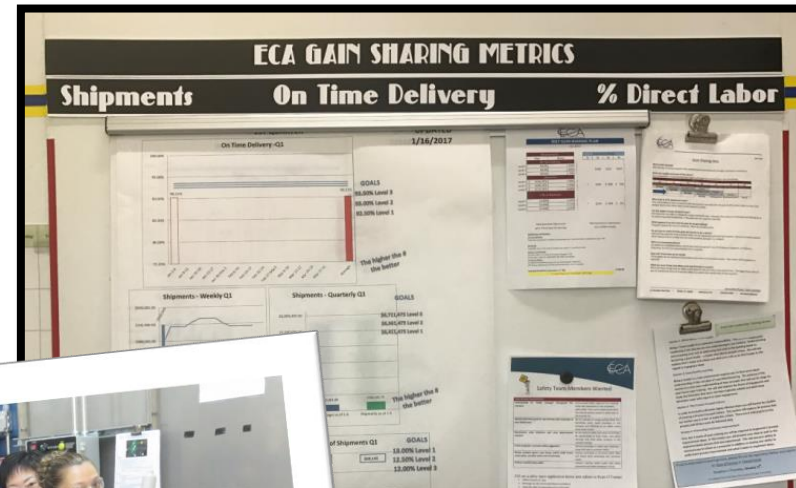
- A good management team
- Eager and willing to work hard
- A desire to succeed
- Committed to the company
- Committed to being different





# 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 failure

- Reality hits.
- 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





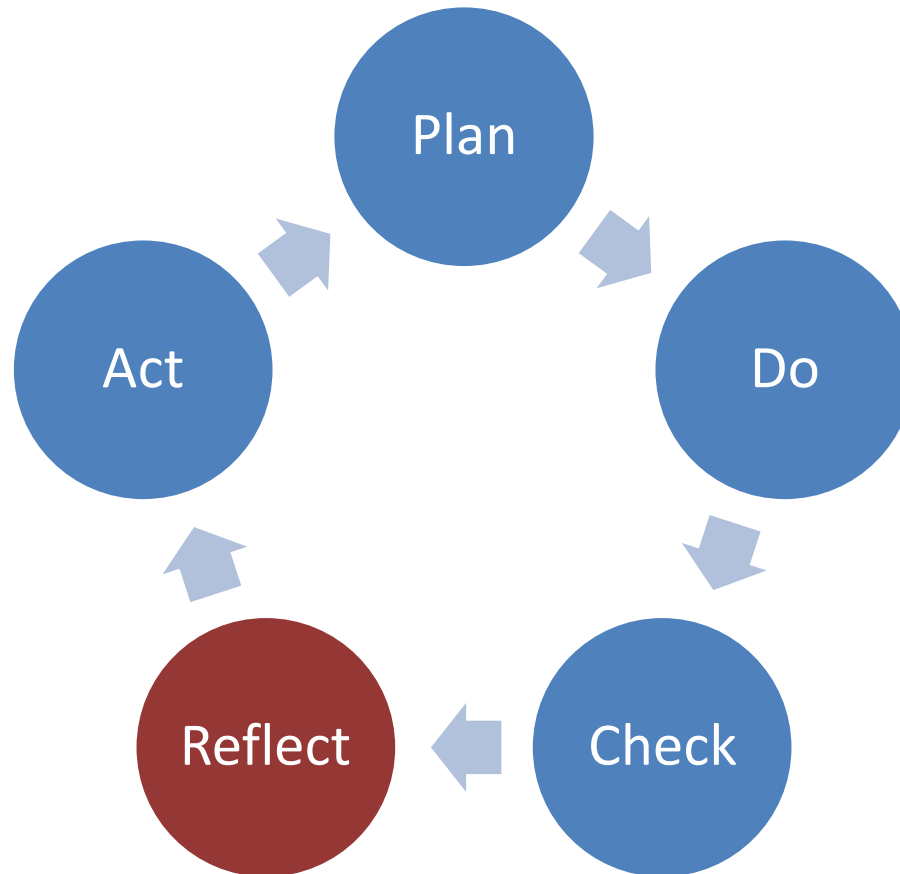
# Success becomes such a struggle

- The success of many reliant on just a few





# You are either growing or dying





# Getting growth but hard to sustain

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





# Revelation - MVVP

Disconnect between vision and execution

- We lacked true engagement beyond the leadership
- We had a vague view of what success looked like but hadn't clearly explained it or agreed to it.
- Clarity of alignment
- Result: Frustration



# What We Want To Do

## Our Mission

Our Mission describes what business we are in and 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





# What We Mean to the World

## Our Purpose



Personal Achievement

Community involvement

Being a Leader

Learning - Everyday

Striving to be “better than the best”

Helping others



# Everyone, Everyday

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



# 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

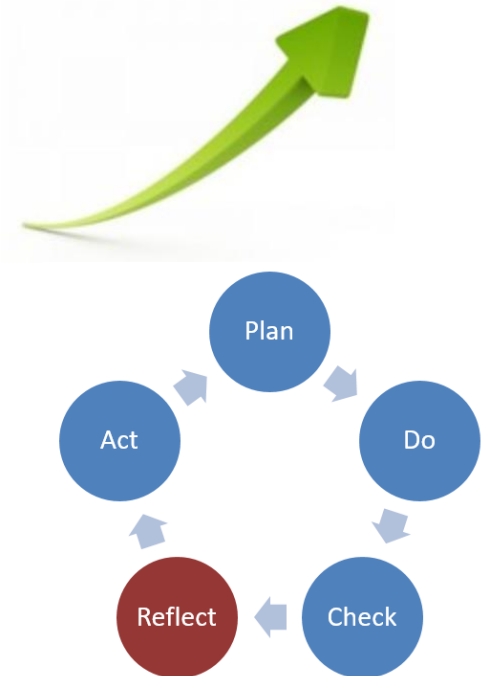






# Some more Success then failure

- Sales, profits 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**.



# Onboarding process



- Its like dating.
  - Recruit through temp agencies who understand our values.
    - Toured our facility and understand our culture.
    - Met 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 1<sup>st</sup> filter, weed out those who don't meet our core requirements
- Team supervisors interview the candidates and decide if they would be a good 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 1<sup>st</sup> 3 months. All employees
  - MVVP
  - 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.



# Onboarding process

		Human Resources		Document #	HR-Temp Rev
		Temp Associate Review Form		Revision	A
<b>Name:</b>	Mirelys P		<b>Reporting Supervisor:</b>	Keichmarie H.	
<b>Department:</b>	COC		<b>Temp Start Date:</b>	6/18/2018	
<b>Position:</b>	ASSY II		<b>Agency:</b>	Hamilton Referra	
<b>Shift:</b>	1st		<b>90 Day Date</b>	9/16/2018	
			<b>Orientation Completed?</b>	<input type="checkbox"/>	
1 = Unsatisfactory, 2 = Needs Improvement, 3 = Meeting Expectations, 4 = Exceeding Expectation, 5 = Exceptional					
<b>30 Days</b>		<b>Supervisor Notes</b>			
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	<b>30 Day Plan</b>			
What is the Special Skill		Keep training her in products like Knoll.			
Target Score: 18	20				
Attendance Points	2				
		<b>Associate Comments</b>			
<b>Associate:</b>				<b>Date:</b>	
<b>Supervisor:</b>				<b>Date:</b>	





# Onboarding process

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

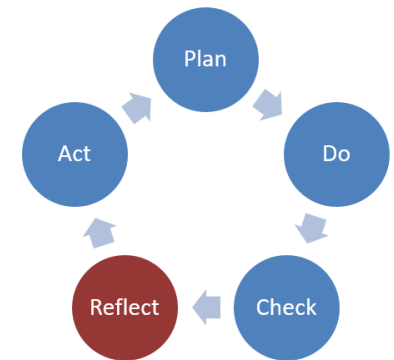
What did that do for us?

- 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 failure

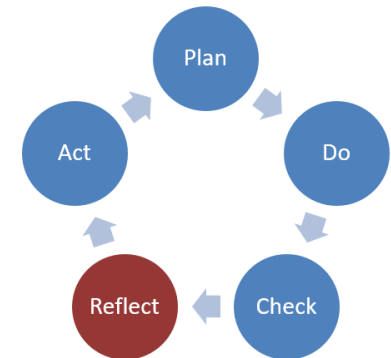
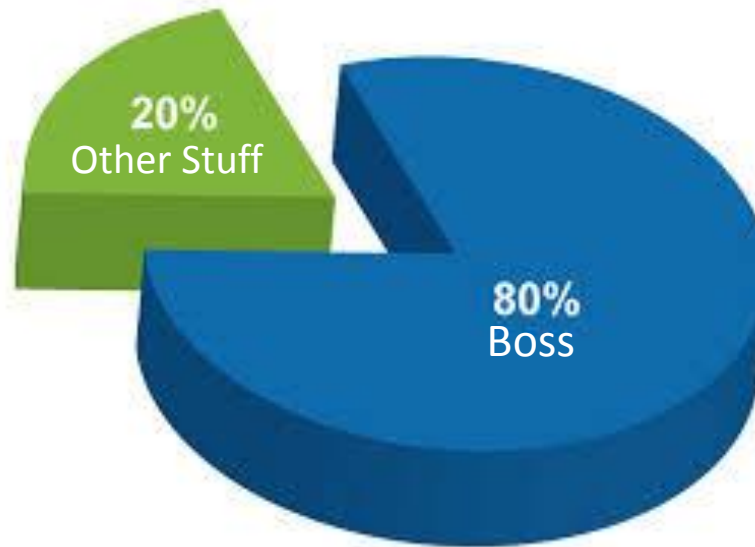
- Now had a flow of good core value people
  - People who match the values we aspire to uphold
  - Yearning to be engaged
  - Training for skill was easier than expected.
  - Less time fighting for alignment
- 
- The challenge
    - Ineffective heartbeat leaders







# People don't leave the company



They leave their leader

Solution: 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.





# 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



# 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



# 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



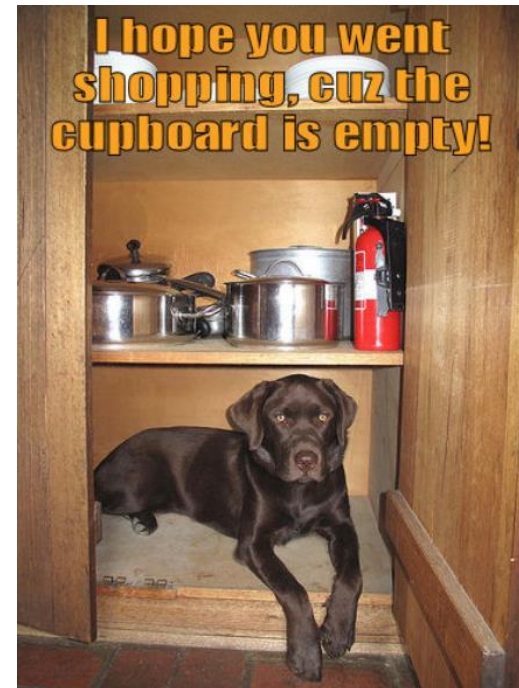


## ..... then failure

- 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





# 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





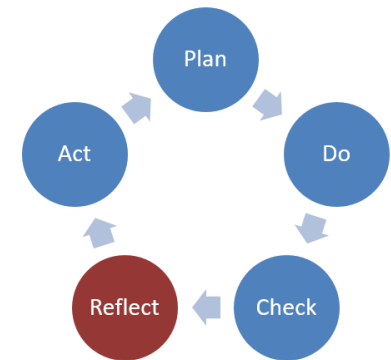
# Three Fundamental Questions

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?



# Solution: Develop heart beat leaders

- No quick solutions
- 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





# 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



# 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





# Leader in training program

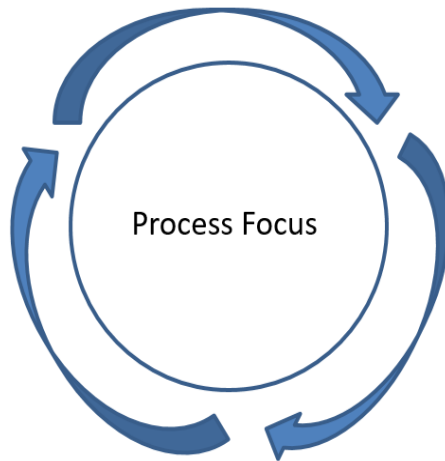


Leader Standard  
Work

Process Focus

Visual Controls

Standard  
Accountability Process





# 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

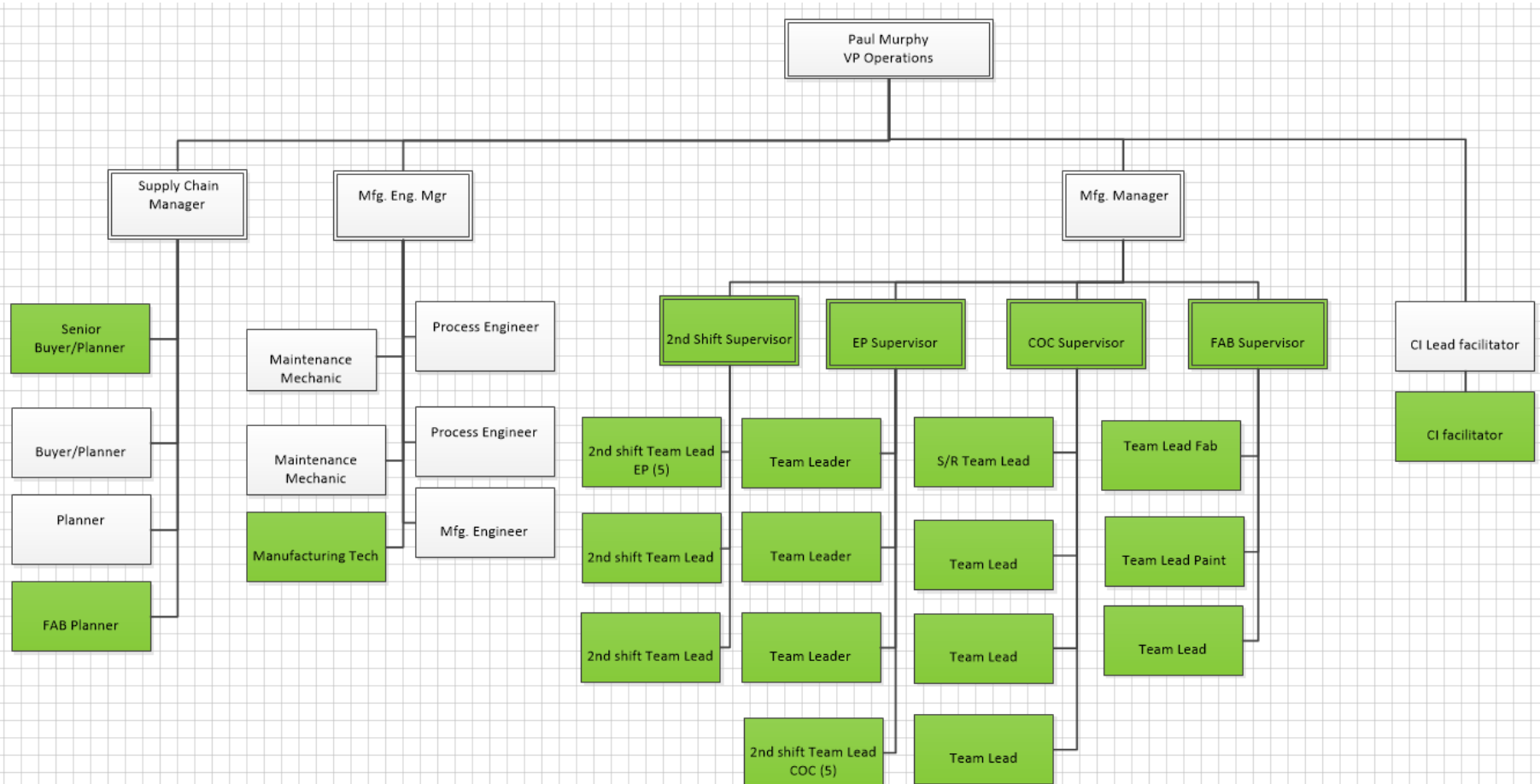


# Leader in training program - Results

- 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



# 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





# 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



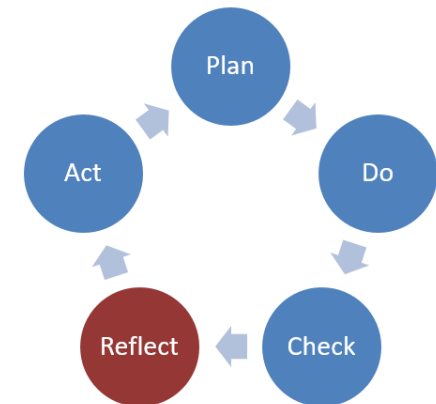
# Success and then .....

- August 2016 Company sale.
  - A true test of the robustness of leadership
  - Dealing with a leadership transition.
    - 4 of 7 senior managers have left
    - 2 new additions one promotion.
  - The strength of culture.
  - Now have clarity of identity.
- Continued growth



# Next challenges for ECA

- Next level leadership jump
- Converting supervisors to effective managers
  - No one ready to step up to the manager level.
  - 1-2 years away.
    - Financial literacy
    - Tactical leadership
    - Strategic leadership





# Next challenges for ECA

- Sustaining the culture as we expand sites
- Breaking into the non-traditional roles
- Develop a pipeline of talent at supervisor level



## Selected results – Bottom line

- 7+ years with 20%+ YOY organic growth
- Superior profitability and growth in profitability
- **Produced & Shipped 4,000 product variations from 35 families in the last 12 months**
- Lead time averaging 13 days
- On time >92%
- Inventory turns at 16 and growing 7% each year
- 15% YOY reduction in defects – 17% **in 2018**
- 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
  - \$90k for St. Jude through annual golf tournament
  - 6 charity events completed in 2018
  - 7 employee engagement events
- High level of employee engagement and satisfaction
- 590 Implemented improvements in 8 months 2018
- >95% participation
- 60% of work force have changed roles



# Create Waves of Excellence

- 10 year view
- The importance of trust environment
- PDCRA
- SABA
- Leadership must have a clear vision, mission, values and purpose
- Leadership must have a commitment to lean and a level of lean expertise
- Empowerment & Engagement v's Command and Control





# Create Waves of Excellence

- 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.



# Thank You!

***Your opinion is important to us!***

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

**Session No: TS/14**

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