



“We should not judge people by their peak of excellence; but by the distance they have traveled from the point where they started,” as Henry Ward Beecher suggests. By this measure, the ATJ pauses to recognize the immense dual achievement of the man from Kapuskasing who built a global success in his community and country over his 24 years of leadership in Toyota

With notes from Greg Keenan's March 7, 2015 article on Ray's retirement, in The Globe and Mail's Report on Business

Ray Tanguay grew up as a guy who loved to build things. He joined Toyota in 1991, three years after the plant opened in Cambridge, ON, and although he brought 19 years of work experience with him, his new bosses told him to **forget everything he knew about manufacturing. Toyota had its own way — the Toyota way.** He did, and he loved it — especially the respect for people and the long term ‘True North’ thinking. What he didn’t expect was the \$3-million they gave him to build a fitness centre. He visited universities and sports clubs learning what makes a good fitness centre. However, on the day of its opening, Toyota said “Okay,

playing time is over now; we’re going to make you vice-president of manufacturing.” And now, after 24 years of unique leadership and service in a unique company, Ray Tanguay will retire at the end of this month.

But let’s begin at the beginning. Ray grew up on a dairy farm near Kapuskasing in Northern Ontario and left to complete studies in electrical engineering technology at St. Clair College in Windsor, ON. He later earned a degree in business management from Wilfrid Laurier University in Waterloo, ON. His first job was at Electrohome in Kitchener, ON where he managed engineering projects before becoming vice president of Phillips Electronics Limited.

CONTENT



3

Report-out beginning of Hoshin development, catchball sessions

Teams involved in Saskatoon Health Region's Better Every Day 14 Day Challenge tell the story of success achieved.

4

KATA Curious? A report from the first KATACon

6

Four Southwestern Ontario LEAN Consortia meet with David Mann

9

Helpful tips & Building capability

Thank you to our partners:



Produced by: Dave Hogg
Telephone: 519-741-9732
E-mail: dave.hogg@cme-mec.ca

He left to join Toyota Canada in 1991 where about 1,000 people were producing 68,000 Corolla vehicles per year. In a facility designed to make 50–60,000 vehicles, “We went to 97,000 units and, at the same time, we were winning quality awards. That’s what put TMMC on the map,” Tanguay said in Greg Keenan’s interview, in the March 7 edition of *The Globe and Mail’s Report on Business*. The Cambridge plant underwent its first major expansion in 1997. In 2002, Mr. Tanguay was named president, and TMMC was given the nod in 2003 to produce a vehicle for Toyota’s luxury Lexus line — the Cambridge plant has been the only location in the world given permission to build the Lexus — that represents their relentless pursuit of perfection.

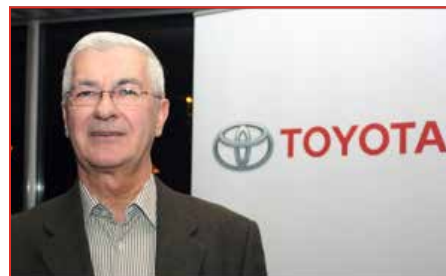
The Cambridge and Woodstock locations now employ 8,000 people, and last year produced 579,000 vehicles including the Lexus RX 450h hybrid. These two plants have won 11 JD Power awards for excellence, including the global best Platinum Award in 2011. As for Ray, in 2012 he was awarded an honorary Doctorate of Laws from Wilfred Laurier University and an honorary Doctorate of Engineering from the University of Waterloo. All in all, this highly-skilled team of people have built over 5million of the highest quality and most reliable vehicles in the world, and now produce the Corolla, Lexus RX 350 and RX 450h, and RAV4 vehicles in their Cambridge and Woodstock plants.

Toyota, in 1950, adopted the principles of Ford’s original flow manufacturing system founded in Highland Park Michigan in 1914. Toyota’s version became known as LEAN after the findings of Jim Womack’s MIT team in the late 1980’s were published in *The Machine That Changed the World*, in 1990. The results proved that Toyota was truly doing a lot more with less and the name LEAN became firmly attached to it.

In 2013, Ray was asked to be the closing keynote speaker for the 29th AME

International Conference in Toronto. And as he wrapped up the largest LEAN conference in the world, he shared his Secret Sauce, which had enabled him to achieve genuine breakthroughs throughout his 24 years at Toyota.

Here are the ingredients of ‘Ray’s Secret Sauce,’ which he enthusiastically shared with all 2000 LEAN colleagues from 30 countries. The keynote was truly a conversation rooted in his personal desire to help companies, organizations, and institutions of all kinds to acquire what they need to prosper in the global marketplace.



Ray’s Secret S.A.U.C.E

Sensing:

The best fertilizer for your garden is your footprint

- Genchi Genbutsu — Go and See
- Go ‘Back to Basics’
- Exploit the power of observation

Analysis:

In God we trust, all others bring data

- Visualize abnormalities in Real Time
- A Floor Management System
- Inspect what you expect and people will respect what you respect

Understanding:

It is not about doing different things, it’s about doing things differently

- Intelligent Process Management: Go beyond the obvious; Ability to understand, perceive and change the outcome; Never accept the status quo
- Understand the five why’s and reveal the root cause

- Seek out the necessary conditions
- Understand the same recipe can sometimes have different results

Collaboration:

People should be encouraged to think when they come to work



- Meet challenging goals by energizing the talent and passion of people who believe there is always a better way
- Engage Employees ⇨ Suppliers ⇨ Customers
- People don’t just go to Toyota to work, they also go there to think. — Taiichi Ohno

Execution:

Believe that things will happen as planned

- Toyota culture bows to no master
- Plan ⇨ Execute ⇨ Get your hands dirty
- Leadership is a Relationship — teach people to commit to an ideal — not a plan
- Good Process + Good People = Good Products

Our sincere best wishes to Ray Tanguay, a unique leader of a unique company, as he retires from the Toyota Motor Manufacturing Canada Inc.

A leader who has travelled far from where he started.

“We are what we repeatedly do. Excellence, then, is not an act, but a habit.”

Aristotle

Report-out beginning of Hoshin development, catchball sessions

From THE REGION Reporter February, 2015 — News from Saskatoon Health Region. Insights into our Healthcare Keynote speaker Dan Florizone, President & CEO, Saskatoon Health Region — whom you will meet at the AME/ CME LEAN Conference — June 1–4, 2015

Teams involved in Saskatoon Health Region's Better Every Day 14 Day Challenge tell the story of success achieved, problems they tackled, challenges they faced and the strides they made during those two weeks at a report-out at Saskatoon City Hospital on February 24

The report-out is a typical part of a LEAN process — team members describe what they focused on, what they measured at the beginning of the process, what they changed and how the measurements changed as a result of the modifications that were implemented.

"It's an opportunity to talk about the work that has been done, and what's ongoing, so the entire organization is aware of what the problem was, how it was addressed, the current outcome and what's going to happen next," explained Kerri Cryderman, director of the Kaizen Promotion Office for Saskatoon Health Region. "A report-out is a way to highlight the continuous improvements that are going on throughout our Region, and celebrate the work that has been done."

The report-out is not the end of the process — it's more of a beginning. There are always next steps to be taken, more avenues to explore. And that will be part of



the 90 day cycles of breakthrough strategies, the first of which began on March 2.

But before the next 90 day cycle, or Hoshin, is officially underway, Dan Florizone, Region president and CEO, announced a period of "catchball" within the Region to provide feedback to leadership about the proposed activities and targets.

The name catchball stems from a Japanese game that involves throwing a baseball back and forth. Within Kaizen, or continuous improvement systems, catchball involves a back and forth process with ideas, essentially bouncing both ideas and feedback from leadership to the front lines and back again. The process tends to open up new lines of communication within the organization, improving everyone's knowledge about what goes on. It also forges new relationships, and engages everyone in the process.

"It's a mechanism to get our voices heard," Cryderman explained.

Catchball can be a formal feedback process, or be as informal as managers asking questions at daily huddles, then driving answers and ideas from staff back up to senior leadership.

Catchball is part of what happens after a Hoshin has been initially formulated.

What exactly is a Hoshin?

It's an approach to planning that involves identifying a common vision, setting and tracking both long- and short-term goals, and being prepared to change course as required. A Hoshin at its most basic is meant to get all employees at all levels pulling in the same direction, focusing on fixing a specific area in a set amount of time to make measurable progress. A Hoshin is devoted to an item where a breakthrough strategic process is required.

The catchball sessions for the first 90 day Hoshin will begin shortly. 🏏





KATA Curious? A report from the first KATACon

A special report from the first ever KATA Summit

Tracy Defoe, president of The Learning Factor, and a participant in the SeaStar ‘Innovation at every level’ case study featured in the February 23rd issue of the ATJ, was ATJ’s eyes at the first ever KATACon in Fort Lauderdale, FL. She was impressed with what she saw

In his book *Toyota KATA*, Mike Rother sets out how to manage people for improvement. He asserts that learning and practising a scientific mindset in the structure of a routine or ‘KATA’ will change your view of management, teamwork, coaching, education and what it takes to fuel a culture of improvement.

People around the world who are implementing and practising the two KATA routines Rother describes as the Improvement KATA (IK), and the Coaching KATA (CK), call themselves “KATA Geeks.” In February, 223 people – all KATA curious and KATA Geeks – gathered in Fort Lauderdale for the first ever KATA Summit conference, also known as KATACon.

Among the few Canadians in the crowd were the two Quebecers, one curious, and one KATA Geek, who offered their thoughts on the KATA Summit.

“The conference gave a number of clues on how to truly build a learning organization through process improvements and people development,” said Sylvain Landry, professor at the École des Hautes

Études Commerciales de Montréal, (HEC Montréal), the independent affiliated business school of the Université de Montréal.

Phillipe Deslandes is a KATA practitioner in the healthcare sector, with CSSS Haut-Richelieu Le Centre de santé et de services sociaux. He said, “It felt great to be a KATA Geek and meet people passionate about the IK/CK approach. I counted people from at least eight different countries. It was

a unique opportunity to learn tips to improve myself as a coach.”

At KATACon I had the opportunity to learn KATA in a group and for a while act as coach to Danish LEAN Consultant Olav Røe. Over the course of a few hours we tackled a challenge and worked to a target condition through rapid improvement experiments. As documented in the photo, we wore the reminder bibs extolling us to “Stick to the Script” and “Answer the Questions!”



Sylvain Landry (Left) and Phillippe Deslandes with Toyota KATA author and self-described ‘KATA Geek’ Mike Rother (Right)



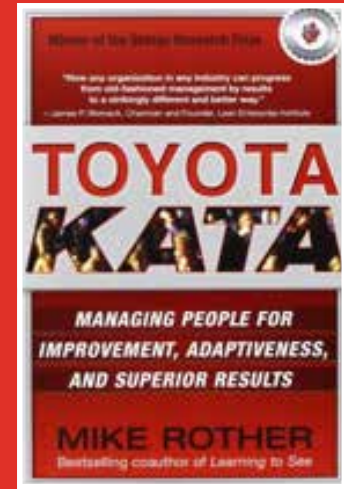
Dane Olav Røe and Tracy Defoe from Vancouver, BC practise coaching and improvement KATAs.

Why did Røe travel all the way from Denmark to KATACon? His organization is on a LEAN transformation journey and he was curious “to explore how we could utilize these concepts and models in our LEAN efforts.”

I have been learning about KATA but I hadn’t tried it before KATACon. I have visited companies doing the IK and CK, complementing and strengthening their LEAN improvements by developing people through the structure of daily routine. For me, when people want to demonstrate that good managers are teachers who use questions to teach people how to think about problems, I am there.

Why should an organization consider KATA? KATA is a form of Leader Standard Work that managers can use to develop and coach the people they lead. If the hoped for LEAN transformation appears to stall, if it begins to appear that supervisors or leaders are an obstacle to innovation and it is difficult to find ways to really engage employees — applying the discipline associated with the Improvement KATA and Coaching KATA has turned things around.

Among other great skills, you and your team will begin to tap into the focus and brainpower of employees. That becomes visible when you realize you don’t have to have all the answers. You will know when to ask questions and when to get out of the way while learners run an experiment to see what happens if they try a carefully planned, but quickly executed, change in their process. It will be easier to see when your team members consistently show up with the right tools. 🙌



Still curious about KATA? I know I am, even as I start to learn and practise. The KATA community was very generous with their video clips, slides and laminated KATA cards. You can find out more about everything KATA from Mike Rother’s website. There are lots of free resources and listings for upcoming training at KATA Skills Camp and when KATACon 2016 is announced, you’ll read about it there. You will also find KATA Groups on LinkedIn. Change takes work. New habits take effort. And turning the right habits into KATAs can change the culture of your workplace for the better. <http://www-personal.umich.edu/~mrother/Homepage.html>

ATJ thanks Tracy Defoe for her summary of the first KATACon, and for helping define this emerging force. Tracy is an adult educator dedicated to turning workplaces into learning places free of boredom and waste. You may have noted this from her work at SeaStar in the recent ATJ issue. She works across Canada and can be reached through her website: www.thelearningfactor.ca or at 604-730-0331.



Attending the Conference?

Visit www.Lean2015.com to Register for the Toyota Kata W3 Workshop with Brendon Brown

Four Southwestern Ontario LEAN Consortia meet with David Mann

The global leader in Leader Standard Work and How to create a LEAN culture

Last month, four LEAN Consortia brought David Mann, the globally recognized leader in Leader Standard Work, and author of the #1 best seller *Creating a LEAN Culture: Tools to Sustain LEAN conversions, Third Edition* into Southwestern Ontario for what was billed as a “Learning Event”. Learning Events are member-inspired to enhance skills, and promote learning from cutting edge leaders. Members determine the content they want, and bring the best knowledge expert to share it with their members.

Two Learning Events, one for health-care and one for manufacturing, were selected. They focused squarely on learning more about David Mann’s Standard Leader Work and the steps required to create a LEAN culture. Each event was a full day workshop with the session leaders doing a Gemba Walk the day before the event to gather relevant data. The first was held at Scarborough General Hospital and the second at Tremco, a maker of roofing and insulation materials most of us use.

The consortia included the High Performance Manufacturing (HPM) Consortium, the Alliance for Enterprise Excellence (AfEE) and the Windsor-Essex LEAN Leaders (WELL). The newest consortium was the Continuous Improvement Alliance (CIA) which has healthcare and industry members, including Ontario hospitals such as St. Mary’s (Kitchener), SickKids (Toronto), St. Joseph’s (Hamilton), Scarborough General (Toronto), the Brant Community Healthcare System, and L3 Wescam, and BlackBerry.

The Thinking

Leader Standard Work, and Standard Work can be make-or-break



competencies for those facing tough competitors. Standard Work’s definition has been relevant for 100 years, as Henry Ford defined it — **“The application of the best way to execute a process that the team can find — while constantly looking for a better way.”** At Ford this kind of work was mandatory at that time. It has been noted that operations that have not yet implemented Standard Work are under-applying LEAN.

We continue to quote Art Byrne, a coming keynote speaker at the AME/CME June 1–4 LEAN conference, who emphasizes that only four to seven per cent of today’s manufacturers are getting the full value LEAN can provide. While the use of LEAN is extremely wide-spread it’s thinly applied with the focus usually limited to tools — which will carry a company only to ‘base camp’ and never to the peak of the competitiveness mountain. When so much of the competitive advantage lies in the culture, ensuring the right vision, thinking and the instinctive routines is critical. The majority tend to cease advancing once comfortable — until competition forces them back in the game.

With so much red meat to be harvested (from the 94–97 per cent of the value still on the table!) — sorting out the key elements of LEAN to focus on makes sense. And it can return big dividends, which are then enhanced by exploiting Standard Work & Leader Standard Work. In the coming ATJ issues, other topics to be addressed will be Value Stream

Mapping, PDSA/PCDA, and very soon, a hidden Toyota gem, 3-P.

The primary failure point in sustaining LEAN improvements comes from management practices that remain unchanged — or revert from how they were practiced during the introduction of LEAN Thinking. Through a concise behavior-based model, championed by an Industrial Psychologist with over 20 years on the shop floor, this workshop was key to learning the steps, tools and practical thinking needed to develop a LEAN Management System. The leader mentioned here is David Mann.

A Top Value Learning Event

With relevant site data gathered through a Gemba Walk by the leaders on the previous day, the full-day session started quickly, enabling participants to:

1. Understand and describe how LEAN Management Systems function
2. Plan and carry out Gemba walks
3. Create and apply effective Visual Controls
4. Understand standard accountability for continuous improvement and the assignment process
5. Discuss the leadership challenges to be managed and how they are typically addressed within the Gemba. In these events — spending a day with David Mann, author of *Creating a LEAN Culture: Tools to Sustain LEAN Conversions* gets a 5-star rating. It was a great learning experience and there is no excuse for not having this book on your shelf. ⁸⁷



The challenge says it all: **'Transforming** the Scarborough General Hospital' with standard boards everywhere to keep everyone informed of the progress — and the challenges to be overcome. They are well underway. Both 1-day workshops were preceded by Gemba walks in TSH & Tremco led by David Mann.

The Tremco Boards roll up from T1 Process Owners to T2 Area Owners, to T3 Unit Leaders, to T4 Top Management which shows the status of the company. T4 Boards are in the lunch room and all are kept current. Tremco continues to build their Leader Std. Work; the power of TWI; the nurturing Toyota Kata; and, continue to fully support their Consortium involvement.



NOW is the time to register for the largest LEAN event in Canada in 2015 Winnipeg, June 1-4

Register before March 31 and SAVE!

15% for individuals and **25%** for groups and consortia members

36 PRESENTATIONS: Practitioner-to-practitioner presentations, divided into 4 Value Streams

6 KEYNOTES: Highly acclaimed LEAN experts and motivational keynote speakers

18 TOURS: Where you see hands-on applications of LEAN techniques in action.

16 WORKSHOPS: Highly interactive indepth workshops, given by proven LEAN experts

For full Conference Details

>> [Click Here](#)

or visit: LEAN2015.com

to REGISTER NOW!

>> [Click Here](#)

More firms are learning from each other in Consortia. Check where you see value for your company?



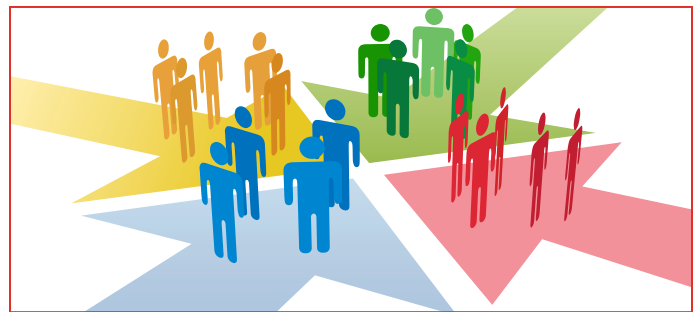
Do you:

- Need to accelerate change in your firm?
- Believe that two heads are better than one?
- Need to grow a Continuous Improvement culture?
- Have difficulty finding the right info to grow?
- Face challenges sustaining Improvements?
- Struggle with where to go to get the right advice?
- Get value touring other facilities?
- Welcome and implement suggestions from others?
- Struggle trying to accelerate improvements?
- Want to discover out how others have broken through their barriers?

Would You Like to:

- Learn from peers in a Non-Competing, No Blame environment?
- Leverage your training with others?
- Share and exchange your experiences with others?
- Meet regularly to learn with like-minded companies?

The more you check — the more value there may be.
The 2015 AME/CME LEAN Conference in Winnipeg June 1–4, is the Consortium capital of North America. Talk to consortia members from across Canada and the US and learn from peers how consortia can work for you. If you answer yes to most of these questions, you're likely a candidate. Have questions? Email the Conference Co-Chair Ian Marshall at ian.marshall@cme-mec.ca



BUILDING CAPABILITY

Books Sooner or later you will need Hoshin Planning! A recommendation:

***Getting the Right Things Done: A Leader's Guide to Planning and Execution*, Pascal Dennis, LEI.**

A Shingo-award winner that clearly outlines the nuts and bolts of strategy deployment. The book answers two tough questions that ultimately **can make or break a company's LEAN transformation**: What kind of planning system is required to inspire meaningful company-wide continuous improvement? And, how might we change existing mental models that do not support a culture of continuous improvement?

For companies to be competitive, leaders must engage people at all levels in order to focus their energy and enable them to **apply LEAN principles to everything they do**. This book does this by focusing on strategy deployment from "True North" thinking, working within the PDCA cycle, getting consensus **through catchball**, deployment leadership and **A3 thinking**. It links action to theory and reinforces that LEAN tools — like value-stream maps, kaizen events, and 5S — are only the means to an end, not ends in themselves. **This is referred to as Hoshin Kanri by Toyota, and also known as policy deployment**. It has proven to be the most effective process for meeting this ongoing challenge and it is different from other planning methods. This book gets a top ATJ rating. Available from www.ocapt.com. Follow the link below for every brief summary by the author Pascal Dennis.

https://www.youtube.com/watch?feature=player_embedded&v=jVSBI2Yc6zw#t=55

Events:..... RBC Connects LEAN Accounting for business owners, CEOs and CFOs, with Brian Maskell and David Hogg

Complimentary webinar exploring the ways LEAN Accounting can save your business money.

<http://www.cme-mec.ca/?action=show&lid=E5ELR-JJPAC-EYBZZ&comaction=show&cid=U5QHD-T74YQ-SMJRA>