Glaiming

Next Future

The Purpose of this Presentation

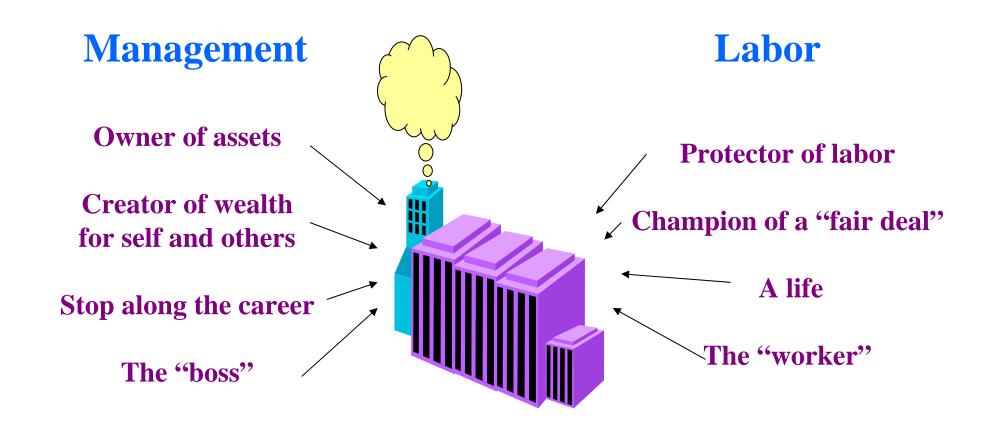
To examine the journeys of six other companies
In a way that we gain insight into our possible futures
So that we can decide if our collective, personal behaviors are sufficient for the future.

Take-aways

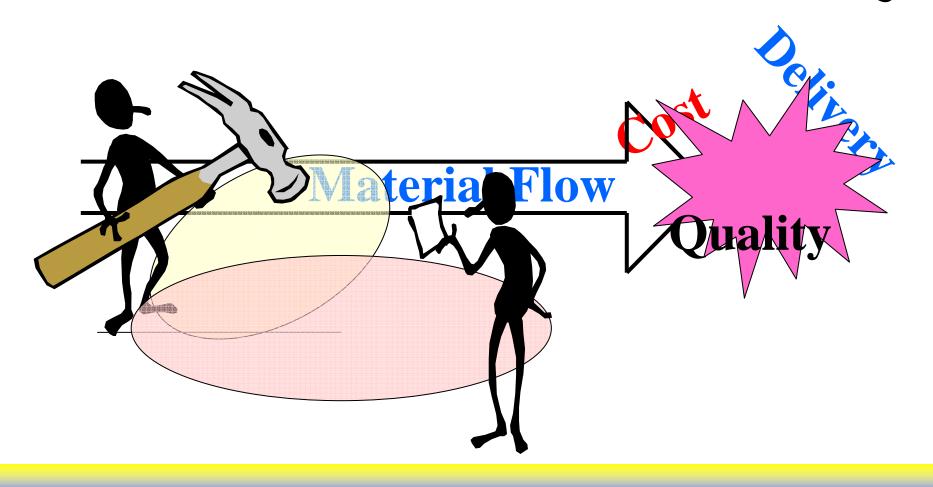
- Appreciation of how far we have come since 1984
- Calibration of our current journey
- Prediction of the future
- Time to regenerate?

All our effort is devoted to...

- a) Improving the relative competitive position of the organization.
- b) Assuring that employees are truly in a position to make a personal choice about whether they stay with or leave the organization; really being an employer of choice.



outcomes



Synchronicity

Integrity

Perfection

Values Driving Lean Leaders

Lean

- Takt

- Pull

⁻ Flow

Engineering

Stewardship

Human Spirit

Improvements Possible

Key results to be expected with a soundly implemented and well maintained "kaizen."

Immediately:

• 20% - 30%

• 30% - 40%

• 30% - 50%

• 10% - 20%

• 50% - 60%

• 10% - 20%

• 70% - 90%

• > 65%

Productivity improvement

Increased equipment uptime

Reduction in space rqmts.

Reduction in purchased costs

Improvement in product quality

Reduction in WrkComp Accrual

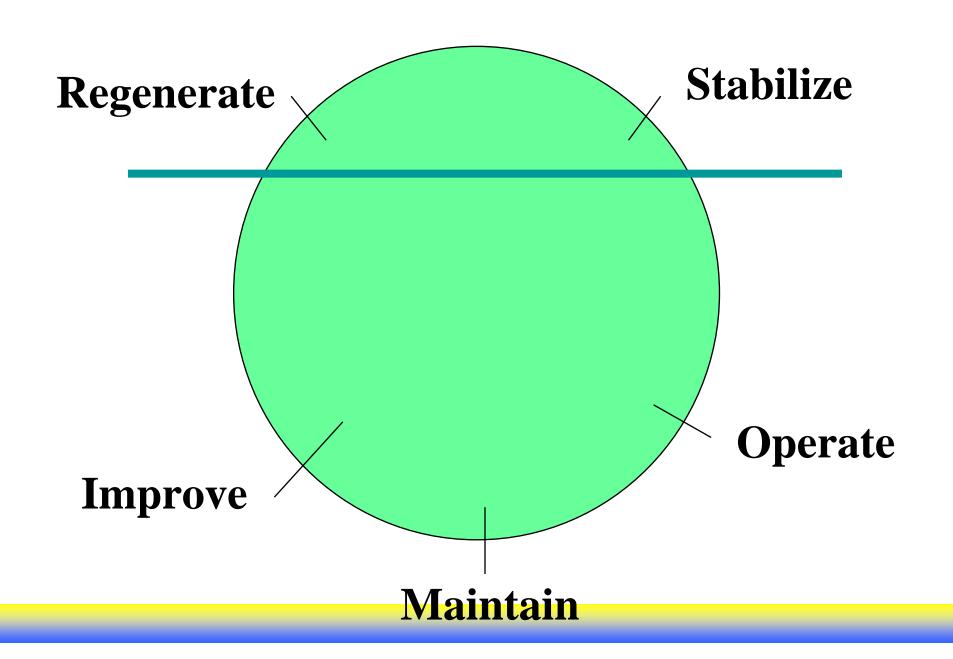
Reduction in WIP inventory

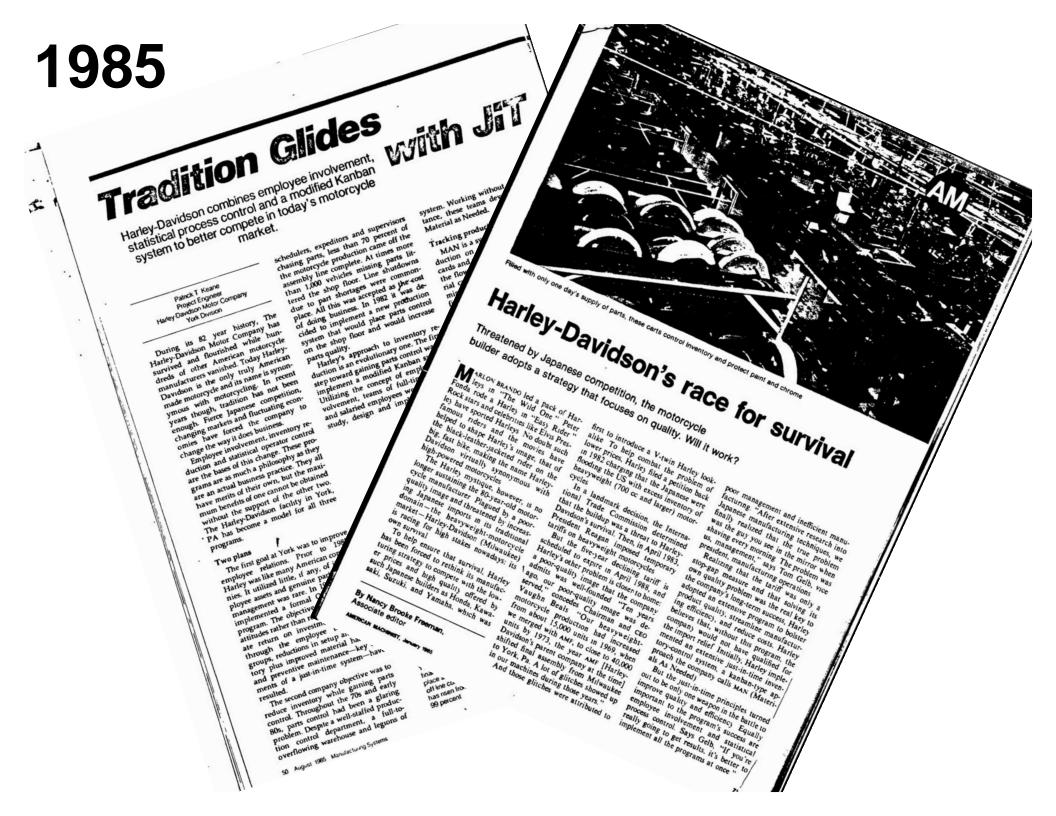
Employee Engagement

Framing the Challenge?



Process Life Cycle





Scenario	Labor Relations		Strategic Importance of Site (Corp. Politics)		Production Volumes		Cost of Doing Business		Mgmt. Allegiance to the Site		Org. Response to Mgmt. Initiatives	
	Contentious	Cooperative	Low	High	Weak	Strong	Un- favorable	Favorable	Low	High	Suspicious	Open
FMC	✓		/		√		1		V		~	
Ham-Sund	✓		V			V	V		V			1
PW NB		✓	√			✓		✓	✓			✓
EHRO	✓		√			✓	√			√		✓
PW FL		√	V		V			V	1		1	
Raytheon		✓	✓			√		✓	✓			✓

\$\text{shifting}\$ Performance Using the Value Tree

1. Most of our workforce can personally connect their daily work and associated expenses to an Income Statement and Balance Sheet.	T	F
2. Our financial people understand the impact of "lean" so well that they are tough negotiators when setting budget expectations for our lean projects.	Т	F
	T	F
3. Our organization shares a common understanding of the word "value."	Т	F
4. Our lean-leaders have personal vision/understanding of value creation.	1	1
	T	F
5. "Value" is realized when a lean project has been completed.	Т	F
6. Pursuing lean projects make business sense because they are the right thing to do.	T	
7 Shared understanding of the business and its finances increases recoles?	T	F
7. Shared understanding of the business and its finances increases peoples'		

ability to "do."

What is the Value Tree?

Financial model of the business on one page

- Visually oriented
- Interactive
- Easily understood by people

Financial tool for developing business context

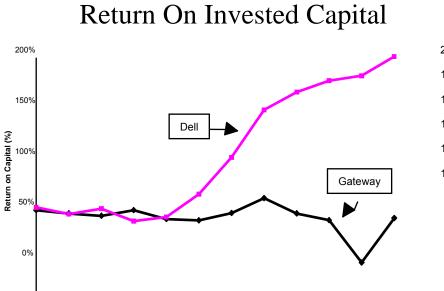
- Interrelationships of various dollar flows
- Drivers of business decisions

Financial "range-finder"

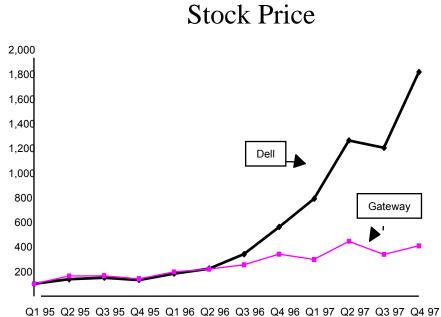
- Target identification
- Target selection

Financial-world de-mystifier

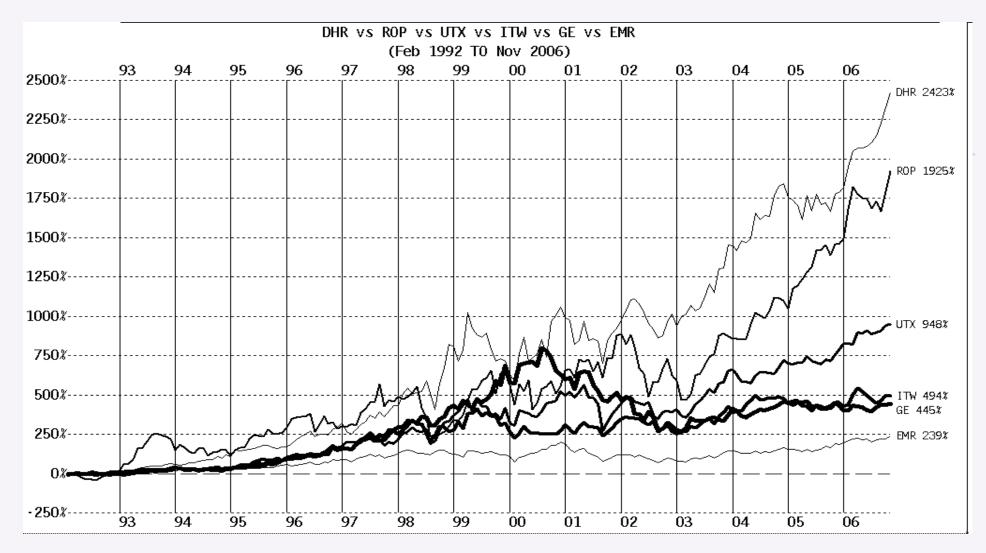
Financial guidepost helping answer the essence question... "Is the institution increasing its value (how much its worth) or destroying its value?"



Q1 95 Q2 95 Q3 95 Q4 95 Q1 96 Q2 96 Q3 96 Q4 96 Q1 97 Q2 97 Q3 97 Q4 97

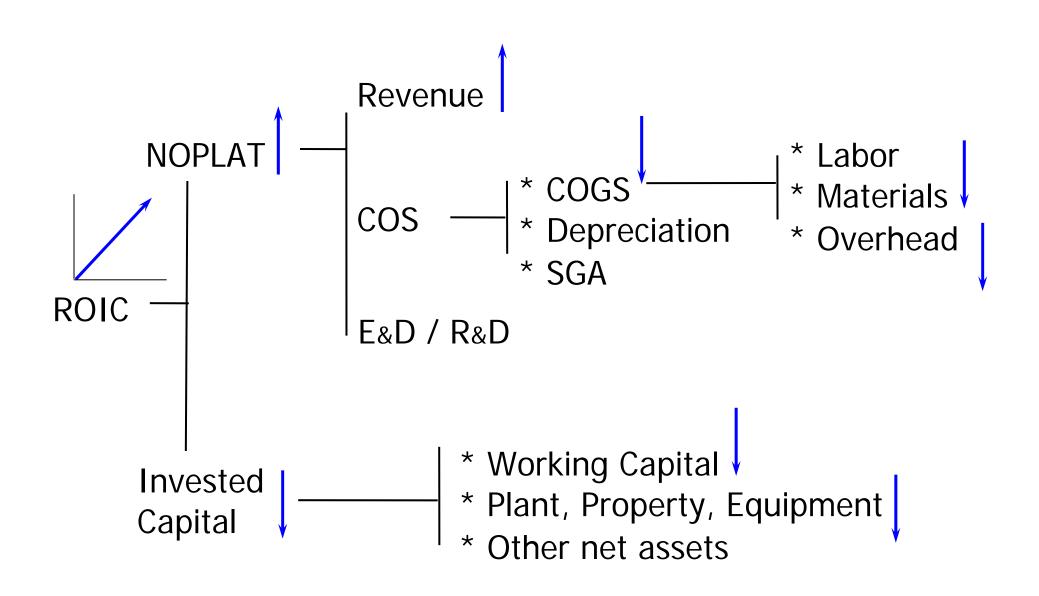


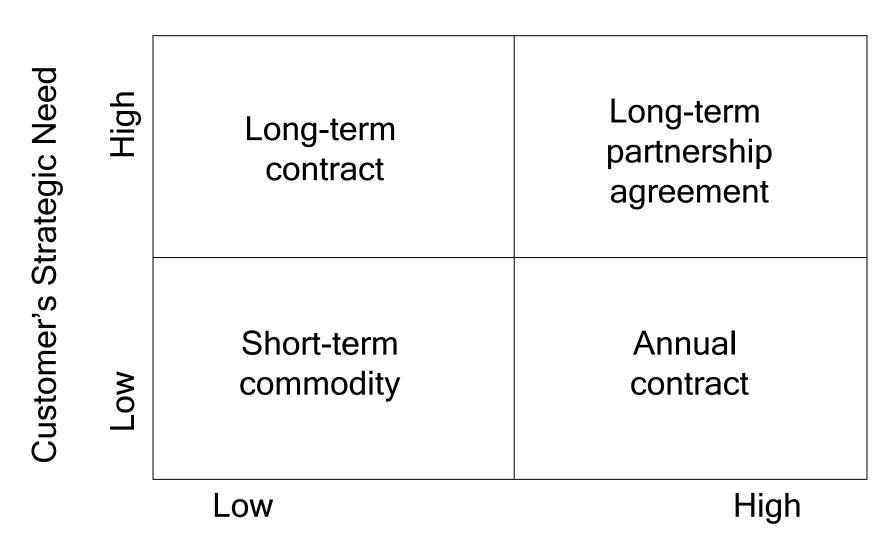
Benchmark Only Against World Class!





The Value Tree Exercise

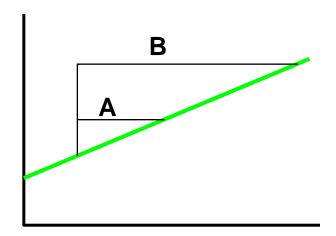


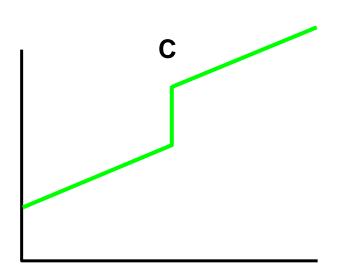


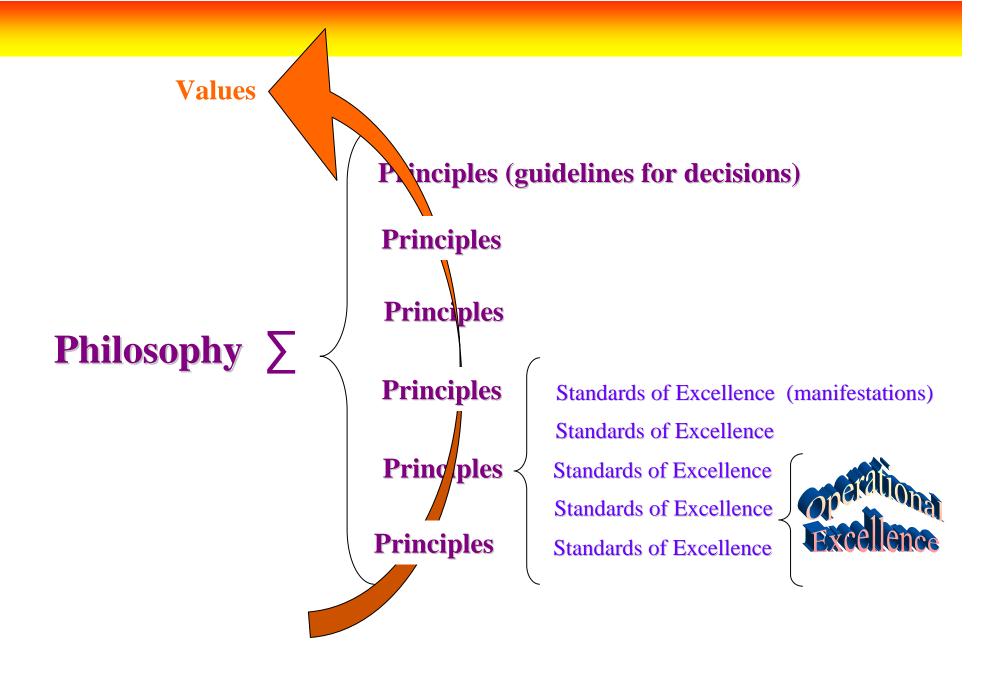
Value added by Supplier

What does this statement mean?

"The Future creates the Present against the backdrop of the Past."



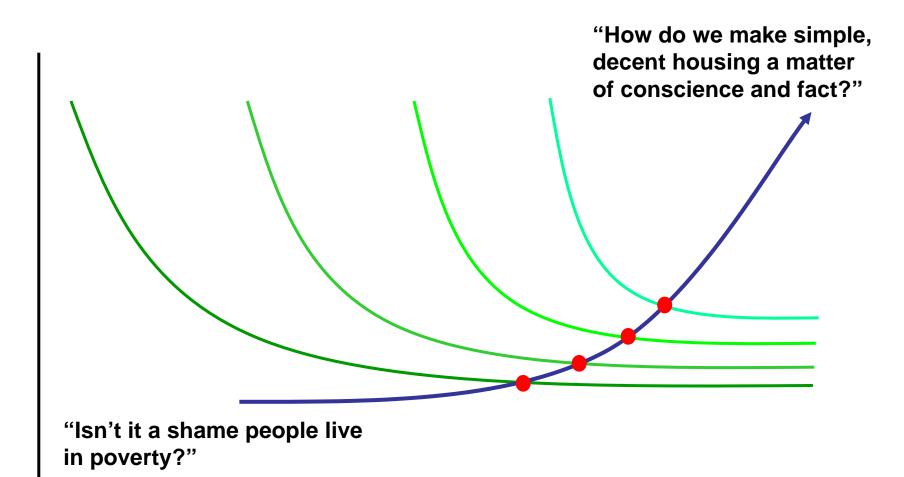


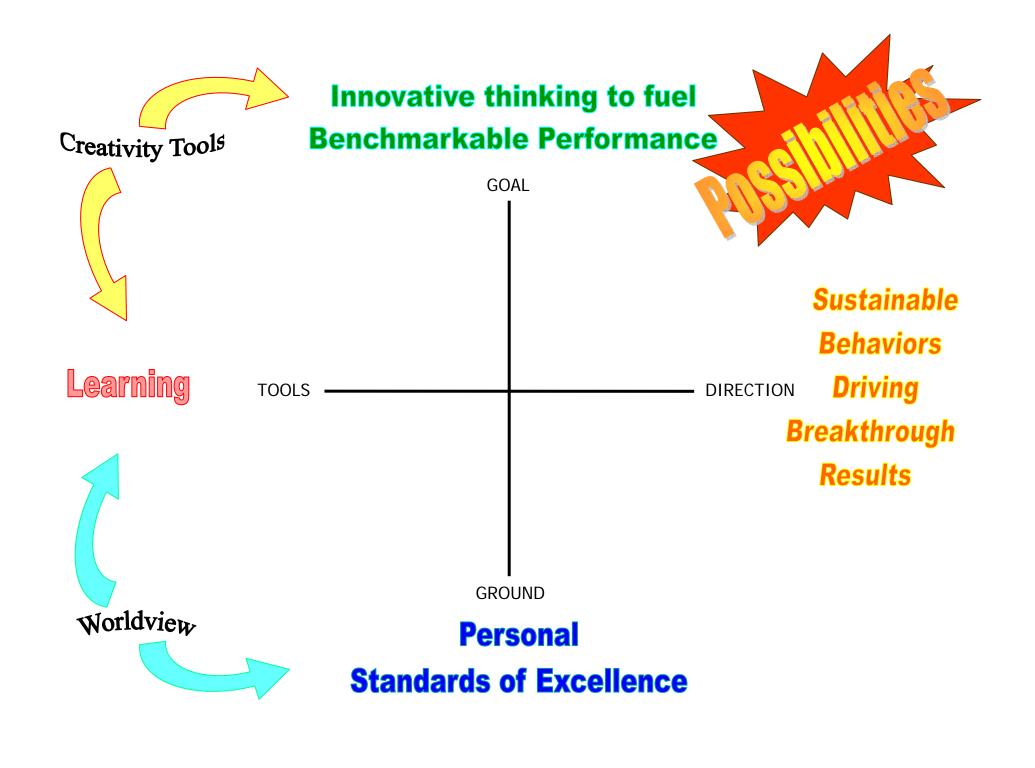


TRANSFORMATION PROCESS BELIEFS

- 1. Creation of personal meaning for "Why change?" is essential for moving forward.
- 2. Inclusive processes generate the spirit and will required to create lasting change.
- 3. Possibilities stay hidden until the past is released.
- 4. Shared beliefs, principles and power allow the simultaneous implementation of broad-based change to occur.
- 5. Rapid accumulation of other's experiences through benchmarking and literature searches increases vision and accelerates implementation.
- 6. Procrastination, acquiescence, abdication, inaction, passive, and permission are taboo words.
- 7. Collective, personal vision of end-state excellence creates a pull into the future.







Poor standards deliver <u>Ugly</u> results/rewards

Good standards deliver <u>Poor</u> results/rewards

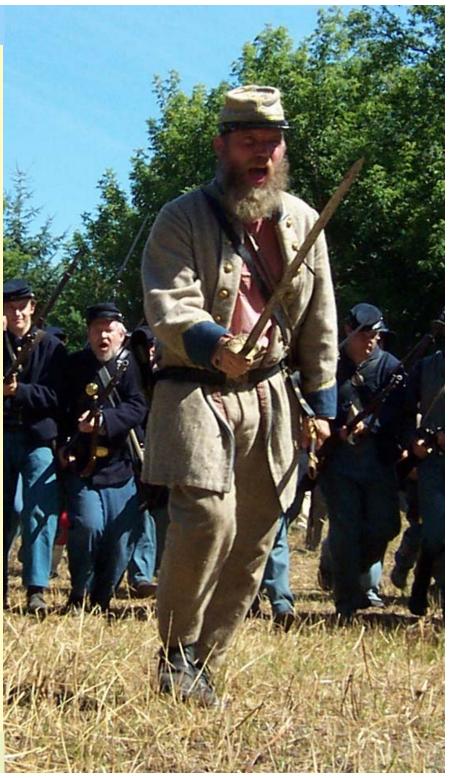
Excellent standards deliver <u>Good</u> results/rewards

Outstanding standards \underline{Take} all the rewards

Outstanding

Poor Good Excellent





Breadth & Means of Internal Along Customer-**Organic Growth Performance Track-record** Strategy **Culture in Action Approach to Valuetree** improvements from within the Business current operations Relation to

Controlling Industry Paradigm