The Planning Game
by Bob Zaruta, President/CEO, NWIRC

Manufacturing companies we serve in our 13-county region of Pennsylvania are back to business and have implemented safety protocols to keep their employees safe. You are continuing to navigate challenges with sales goals, supply chains, staffing levels, and fulfilling customer demands—all with or without outside resources. But are you prepared—based on still very uncertain times ahead—as reported by medical professionals, global consulting firms, and the news media?

It’s not enough to have a 3-year business plan or strategic plan in place. Being more agile and forward thinking is now critical. It’s also important to have a team that is aligned to the strategic direction of the business and that a disciplined approach to accelerate decision making is in place. A recent article by McKinsey & Company (a global management consulting firm) suggests that additional fall-out is coming down the road, stemming not just from the spreading virus, but also from changing customer behaviors and business models. Months ago, McKinsey suggested putting an agile “Plan Ahead Team” in place to “stay on top of the ever-changing business environment”. The concept is for this team to “collect forward-looking intelligence, develop scenarios, and identify options and actions to act strategically”, and in doing so, develop their plan to address five frames. While reading the article’s description of the ‘five frames’, I couldn’t help but flash to thoughts of the work that manufacturers already do every day with continuous improvement initiatives, including the mindset of the Toyota Kata practice. Here are the five frames described in McKinsey’s strategic crisis action plan, along with my continuous improvement analogy:

1. Starting Position—last known position (aka, baseline back to January 2020). When working on an improvement kata, this is also known as the ‘current condition’, because it’s important for the team to understand how things are operating today. In this crisis scenario, it would be how you were operating pre-COVID.

2. Scenarios for Future—there are two big uncertainties for the future, the virus spread and economic fall-out, so examine what your company will look like in the ideal state for various situations. In kata, this is known as the ‘challenge’.

3. Broad Direction of Travel—what are possible responses to the evolving situation? McKinsey suggests that the goal isn’t to develop the details here, just a broad direction. Again, turning to kata… this would be establishing target conditions that become the building blocks or roadmap to reach your challenge.

4. Actions and Strategic Moves—tactics should be created for all future scenarios. For improvement kata, these are the experiments that help in planning additional target conditions—each experiment comparing what you think will happen to what actually happens.

5. Trigger Points—are the elements that will drive your company to act at the right time or serve as an “early warning system”. In the world of continuous improvement, these can also be referred to as KPIs (key performance indicators).

McKinsey notes that speed is of the essence and the Plan Ahead Team must move fast to add in any new issues or opportunities that arise. This behavior is also the essence of the lean or continuous improvement culture. My point of sharing these concepts is to acknowledge that manufacturing companies are poised to successfully navigate the fall-out from the pandemic because many already embrace this mindset. In some cases, it just needs to be formalized.

Source: McKinsey & Company, Getting Ahead of the Next Stage of the Coronavirus Crisis
A New Mindset for Problem Solving - Toyota Kata

by Lisa Pustelak, NWIRC Strategic Business Advisor and Employee Development Specialist

Toyota Kata is nothing new. The concept was introduced over a decade ago and NWIRC has been tuned in for several years now. This mindset first came to light when Mike Rother, a professor and author, studied Toyota’s management system. He learned that Toyota, “practices and teaches a pattern of scientific thinking every day (to develop a habit), with managers and supervisors as the coaches”. NWIRC is lucky to have two Toyota Kata practitioners. Tom Weible and I have conducted workshops and worked with companies to teach how kata can be used for developing a culture of continuous improvement. As part of the NIST MEP* national network, we recently participated in piloting a new process for introducing the Toyota Kata practice in our region.

Participants from a few manufacturing companies learned how to approach problems with a different mindset during classroom workshops and onsite learning. One of the primary teachings of the improvement kata is that it’s ok to say, “I don’t know”. This is one of the favorite statements for an Improvement Kata Coach because it’s followed by, “let’s go find out”. A kata practice is based on ensuring that our knowledge is based on facts and data, and if we can’t prove it, our next experiment is to learn what we don’t know. For example, our onsite host company for this workshop was Onex, Inc and they were not certain exactly how long a product needed to be on a vibrating table to ensure there were no holes from bubbles in the material once it dried. A couple of quick experiments taught us that one full minute on the vibrating table eliminated the bubbles. It also eliminated the time and expense of filling those holes.

Another benefit of the kata practice is engaging your people. Leaders don’t always have the answers, and sometimes the team needs to see for themselves whether an idea will work or not. Another experiment during the workshop was quickly able to show a team member that simply turning over a product would not eliminate the debris inside of it. However, the next experiment of one person flipping the item and another brushing it out worked great and eliminated 100% of the debris. It also saved significant time on the original process.

Toyota Kata allows team members to think differently and experiment with their ideas for improvement. It also allows the leaders to develop their team and become better coaches. Deploying kata has helped many companies shift their culture from employees doing what they’re told... to an engaged team constantly looking for ways to improve on their own, using the skill and creating a habit of scientific thinking.

*National Institute for Standards and Technology Manufacturing Extension Partnership

Side Note: Reach out to Lisa Pustelak for more information on Toyota Kata at lpustelak@nwirc.org.

Caldwell Corporation

Sales and Marketing Assessment Paves the Way to New Growth

Caldwell Corporation, located in Emporium, PA (Cameron County), is a manufacturer with 17 employees. The company makes and maintains replacement parts for equipment at facilities within various industries. They also recycle Kevlar fabric for use in automotive brakes.

Caldwell was adversely affected by the closure of the Sylvania/LEDvance company in the Fall of 2019. Machining work for this lighting industry made up roughly 50% of their business. They had no sales process, plan, or team in place to follow-up on leads in order to grow new business. Their business was within two very niche markets without having a future plan for diversification. They also had an outdated website with no way to monitor analytics. Furthermore, like many companies, the COVID-19 shutdowns in early March 2020 added a new level of urgency.

Initially, the Economic Development and Workforce Specialist from Congressman Glenn ‘GT’ Thompson’s District Office collaborated with the Clarion University SBDC for a focused meeting with Caldwell Corp to discuss their loss of sales.

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Subsequently, NWIRC’s Strategic Business Advisor was looped in to learn about the company and worked with them in collaboration with Steel Valley Authority. A financial analysis was conducted and a sales/marketing project was proposed using third party subject matter expert, Deane Patterson Consulting. His in-depth analysis produced specific action plan activities with recommendations to increase customer base for services or identify new markets; and to establish a sales and marketing process to generate leads and prospects.

Over a two-month period, five sessions were held onsite, market research was conducted, and a sales action plan was developed. The company is also positioned to participate in NWIRC’s COVID-19 Recovery Program for a detailed assessment, cash flow analysis, and a sales action plan for future projects to strengthen their position. “Caldwell’s team continues to work closely with Deane Patterson to secure a Manufacturing Representative,” said Vice President, Tom Caldwell. “With expectations being that the new addition will bring in new business to fill the void left by LEDvance. We’ve already started working on improving marketing materials and our new website to feed into the overall plan.” Caldwell anticipates increased and retained sales of around $500k and also hiring two new employees.

**WEDnet Back on Track**

WEDnetPA*, a program to help companies offset training costs for improving skills of their employees, was temporarily on hold from accepting applications for the 2020/2021 season due to COVID-19. However, they are again accepting applications and have made some adjustments to benefit companies.

First, companies with FY19-20 training grants, who could not complete their planned training, can submit again for FY20-21. In fact, all companies are eligible to submit for the new funding year regardless of their previous funding history. Second, there is now only one training category, known as ‘job skills’; but the planned training topic should be skill building for the employee’s current position, or for an advancement or promotion. And last but not least, companies are eligible for $2000 per employee (up to $100,000 per company). Tom Venditti, WEDnetPA State Director, noted that these changes should go a long way in helping to ease minds and allow companies to focus on other priorities and get back to training when the time is right. Many of NWIRC’s training programs are eligible for WEDnet support. Visit www.wednetpa.com for more details and to find the WEDnet partner point of contact who can help with your application.

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*Workforce and Economic Development Network of Pennsylvania (WEDnetPA)

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**Honing in on 8 Wastes**

A 4-part series to examine and elevate awareness of the 8 wastes in manufacturing (DOWNTIME), and tips for enabling your employees to see them too.

**Eight Wastes, Part Two:**

In lean manufacturing, the examples of ‘waiting’ for material shipments to arrive, equipment outages, or products stacked in the warehouse before shipment are obvious wastes. Not so obvious are when employees are waiting for the parts to perform their operation. This can be a sign of the production schedule out of alignment caused by equipment failure, long set-up times, employee(s) not available, or miscommunications about the next step in the process. Redesigning a production process to improve workflow, documenting standardized work instructions and creating checklists, ensuring adequate staffing, and routine equipment monitoring and maintenance are all considerations for the reduction of waiting.

The most valuable resource at your company is the people. The lean waste of non-utilized talent (also known as human potential) is possible across all levels of an organization and often stems from management not knowing or understanding the skills of each of their team members. This leads to employees not being utilized to their fullest capabilities, spending time on routine tasks that don’t add value, or not having the proper training for the skills they are lacking. During onboarding (and annually), evaluate your employees’ skills, interests, and capabilities- then develop an appropriate training plan. Ask them about their ambitions at the company. Create a culture where employees learn to see waste and they offer suggestions for improvements. Training and empowering your employees will not only improve productivity in the long run, but will also help reduce turnover with increased job satisfaction.
YOUR STRATEGIC BUSINESS ADVISORS

If you have questions, or would like to speak with someone from NWIRC about services, please contact your Strategic Business Advisor (SBA):

Tom Weible
814.590.5202
Cameron, Clearfield, Elk, Jefferson, McKean & Potter Counties
NORTH CENTRAL OFFICE
2 EAST LONG AVENUE
DuBois, PA 15801

Susan Hileman
814.572.2077
Forest, Mercer, Venango, Clarion Counties & Titusville
NORTHWEST OFFICE
764 BESSEMER STREET, # 105
MEADVILLE, PA 16335

Lisa Pustelak
814.683.1034
Crawford, Warren Counties, Corry & Edinboro
NORTHWEST OFFICE
764 BESSEMER STREET, # 105
MEADVILLE, PA 16335

Andrew Idzik
814.217.6068
Erie County & Bradford
ERIE OFFICE
8425 PEACH STREET
ERIE, PA 16509

UPCOMING EVENTS

IIOT Can Help You Reshore Production
September 10  
-Webinar
Reshoring is a rising trend in manufacturing to handle challenges with an offshore supply chain. Reshoring has significant benefits, but some of the risks include cost, quality, and communication. This no-cost webinar will discuss these risks and practical ways a manufacturing analytics / IIoT solution can address those risks.

Operational Excellence Workshop
September 17  
-St Marys
An 8-hour, in-person workshop to provide the necessary conditions for creating a high-performing organization and set-up ways to help get you there. Companies are encouraged to send a team of up to four employees for the $350 registration fee.

Navigating COVID-19 Challenges for Recovery
September 29  
-Webinar
Join our discussion and have your questions answered about the no-cost COVID-19 Recovery Program (CRP) for northwestern Pennsylvania. CRP is a program to help businesses navigate current, and future, challenges resulting from the pandemic.

COVID-19 Safety & Pandemic Officer
October 13  
-Webinar
Safety expert, Todd Sturgeon, returns for another COVID-19 safety update with more tips on keeping your employees as safe as possible. This no-cost webinar will include Pandemic Safety Officer requirements, social distance business operation solutions, and managing positive and suspected cases.

For more information or to register for training, visit www.nwirc.org