Change Is Good - You Go First

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You Have to Change!

As Will Rogers once said:

“Even if you’re on the right track, you’ll get run over if you just sit there.”
How would you feel about:
• Turning Inventory 2 times a year?
• Shipping 30% of customer line items on time?
• Regular mail/paper copy being the only option for sending out a PO?
• Punitive duties that make it unfeasible to buy outside of your own country?
• Vertically integrated plants trying to be best of breed in every process involved in creating the product?
• Manually calculating all of the material requirements once per quarter?
• Component defect rates so high that you have to use defective components or shut down the plant?

What Changed?
• People
• Processes
• Tools
• Results

Things have changed since 1975:
People
• Guns on the picket line (1964) \(\rightarrow\) much more cooperative industrial relations
• My CPIM in 1979 was around number 1000 \(\rightarrow\) How many today?
• Protective National Economies \(\rightarrow\) NAFTA; EEC free trade zones and reduced barriers between zones
• Political Incorrect Countries \(\rightarrow\) Best Cost Countries
• Rustlers \(\rightarrow\) Pirates!
Things have changed since 1975:

Processes
- Departmental manufacturing ➔ Cellular manufacturing
- Had a hunch and bought a bunch ➔ Widespread use of MRP and JIT techniques
- Unfocused vertically integrated plants ➔ A focused disintegrated supply chain
- Managing product quality ➔ Managing process quality

Tools
- Typewriter ➔ Word processor
- Adding machine ➔ Computer
- Cigarette box ➔ Spreadsheet
- Telephone ➔ e-mail
- Paper documents ➔ Electronic documents
- Telex ➔ Internet

So what?
- We are producing higher value products at lower cost
- Much higher inventory velocities
- Quality is expected
- On-time delivery is expected
- New products are launched faster
- Closer to world peace
What if you didn’t change?

You are not in the room tonight!

Don’t let anybody kid you about the good old days!

So why resist change?

What happens when you do change?

Making The Change Happen
Making Change Happen

- Make sure the stakeholders understand and believe in the VISION
- Plan to develop the required SKILLS
- Make sure you can state the benefits of the change (INCENTIVE)
- Provide the required RESOURCES
- Develop a realistic ACTION PLAN

Forced change

Change resulting from one person’s decision rarely works…

even if you’re the one with the power to make those decisions

And how do your people feel about it?

- You inflict all kinds of pain on your organization.
- You sit in your office a million miles away
- You don’t know what it’s like on the shop floor.
- This new system will never work.
- No one asked me.
- I’ll keep doing things the way I know they work.
Reaction to a Negative Change

Hints on Implementing Forced Change

A story....
Change You Wanted

• But you got lost along the way

Reaction to a Positive Change

Hints on Positive Change

• Make sure people really understand the vision and the pain involved
• Keep people focused on the vision through the ditch
Vision is the First Step!

- Define the vision
- Understand and gain agreement on the vision
- Validate that the vision can be delivered with the toolset (proof of concept)

Iterative Physical Model

- Involves stakeholders in formulating vision
- Physical model improves visualization
- Ensure vision is practical
- Iteration builds understanding and consensus
- Get it right the third time
  - In the simulator

Corporate Team Approves Model Design
First ERP System – Slovakian Acquisition

Implementing Interplant Supply Chain

Process Improvement to Achieve Inventory Accuracy
Getting Design Consensus with Representatives from 5 European Countries

**Iteration 1**

- 80%
- 20%

**Iteration 2**

- 80%
- 20%
What Needs to Change?

- Fix inventory accuracy
  - If you are doing a physical you probably have a problem
- Synchronize S&OP with master scheduling and demand planning
- Master schedule in the ERP system instead of MS Excel
- Focus on total cost rather than purchase price
- Streamline product offerings
- Increased knowledge of supply chain management
  - How many of your supply chain people are certified?
  - How many of your non-supply chain people?
Let’s review

• Progress requires change.
• Change requires change.
• Must have a clear vision in order to change.

A model clarifies vision

• This vision is possible.
• This vision is valuable.
• This vision is realistic.
• I can be a part of this vision.
• I understand my role in delivering this vision.
• I understand my peers’ roles.
• I want this vision to happen.

After the Vision ensure you have…

• SKILLS
• INCENTIVE
• RESOURCES
• PLAN
Working in Taiwan in the early 80s, I learned an important lesson.

“Different may be better”.

Lesson In Chinese Writing

家 = pig  
+  
宀 = roof

家 = family

氵 = water  
+  
酉 = bottle

酒 = alcohol
What did I learn?

About the writing system

• This writing system was universal across all dialects!
• People using this writing system could read and understand the information much faster than people using the phonetic system.
• It takes a lot less paper to publish a book using this system.
About myself and change

• I saw the problems with the different approach before I saw the benefits.
• I dismissed the value of the different approach prematurely.
• I was fortunate to have a patient teacher who led me to understanding.

Bottom Line Lesson

• If something is different, it may be better.
• If it has been working for 5,000 years, don’t discount it quickly.

That’s all folks!

Thanks for attending!