



Lean Transformation
Summit 2013

Focus & Accelerate Your Lean Efforts By Using Your Transformation Model to Guide Capability Development.



Kevin Nolan **Dirk Bowman**



Transforming GE Appliances



Dirk Bowman-GM, Supply Chain
Kevin Nolan-VP, Technology
LEI Summit
March 14, 2013

Today we'll tell you why & how we're
transforming GE Appliances' products,
processes & culture

A snapshot of GE
Appliances

Our burning bridge

Building our foundation

Making the new model
sustainable



One team
reshaping our future.



Lean Transformation
Summit 2013
March 13-14 | Orlando, FL

Appliances for U.S. homes since 1907

Evolving to win for 100+ years

- 1907** GE offers full line of heating & cooking devices
- 1908** GE launches the electric refrigerator, Calrod range and front-load dishwasher, beginning a century of industry firsts
- 1949**
- 1950** 1953, production begins at GE Appliance Park; post-WWII growth fuels appliance industry
- 1969**
- 1970** 1973, GE Appliance Park reaches all-time employment high at 23,000
- 1979**
- 1980** U.S. factory profitability declines, difficult labor market grows and outsourcing begins
- 2004**
- 2005** 2005, first competitive wage agreement, burning bridges
- 2009**

GE Appliances Today

- \$5.4 billion revenues in 2012
- 12k employees, @4k represented
- Six U.S. manufacturing operations located in KY, IN, AL, GA, TN, IL
- @5 million washers, dishwashers, ranges, refrigerators produced in '12
- Headquartered in Louisville, KY, at 60-year-old, 900-acre GE Appliance Park, our largest manufacturing operation
- Transforming everything we do

5 /GE Appliances & Lighting /3/19/2013

Our burning bridge: 2008-2009

A convergence of factors...we needed a plan

G.E. May Sell Appliance Division
By ANDREW ROSS SOBIN and MICHAEL J. GIL
 General Electric is planning to sell its oldest businesses in the conglomerate, GE Appliances, GE Power and GE Energy, GE said Wednesday. The company is looking for a buyer for the appliance division, which is one of its most profitable units.

GE CEO: Appliance Park and C & I Off the market, at least for now
09:49 AM EST on Wednesday, December 17, 2008
 (WHAS11) - Big news from GE's CEO Tuesday, he's taking Appliance Park and its Consumer and Industrial Business off the market, temporarily.

WHAS11 Coverage
 It means GE's Louisville business is no longer for sale.

THE TI
 Tuesday September 16 2008
Lehman collapse sends shockwave round world
 Shares and oil prices plunge, thousands lose jobs

Competitive wage agreements with IUE-CWA

GE American Renewal Starts Here

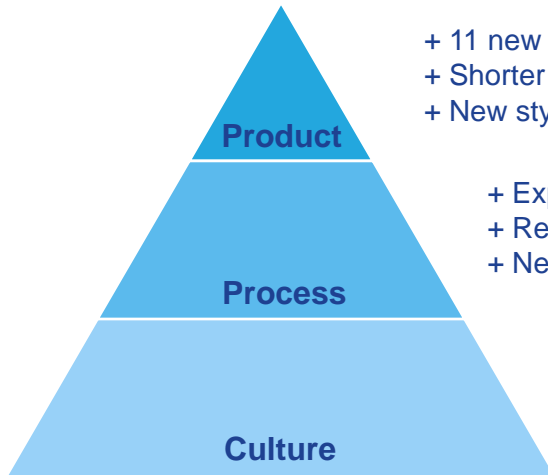
Lender Foreclosure Home Auction!
 OPEN HOUSE 5/6, 5/12, 5/13
 REDUCED 1-800-496-4966

Our burning bridge: 2008-2009

A convergence of factors...we needed a plan



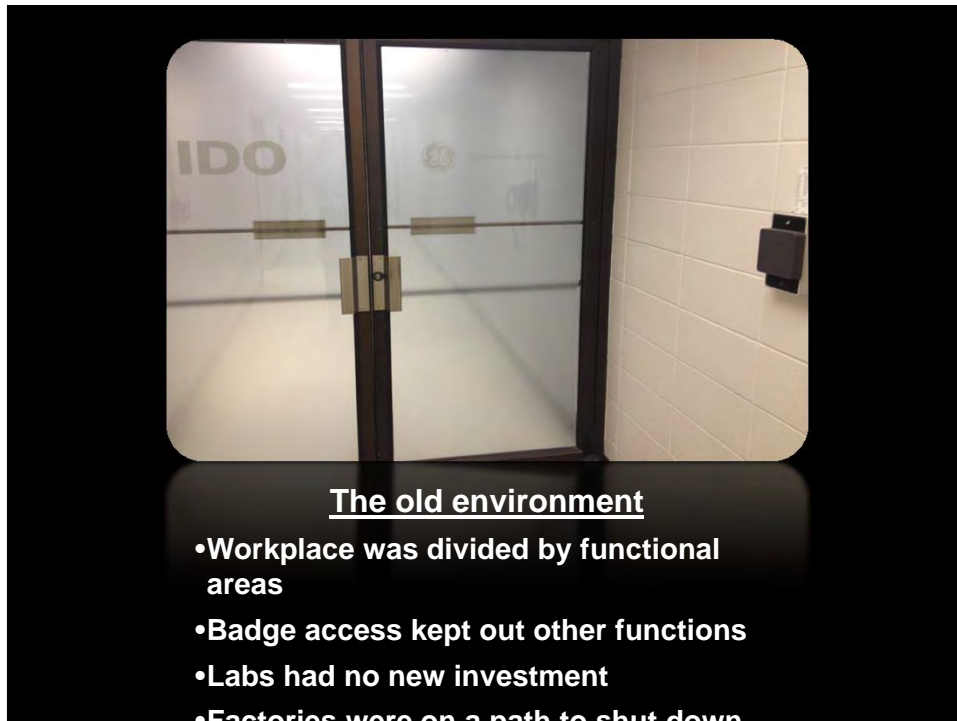
Our strategy to win:
transform everything we do



- + 11 new product platforms
- + Shorter development cycles
- + New styles & trends

- + Expanded labs
- + Revamp plants
- + New assembly lines

- + Problem-solving
- + Co-located teams
- + Collaborative partnerships



The old environment

- Workplace was divided by functional areas
- Badge access kept out other functions
- Labs had no new investment
- Factories were on a path to shut down

Rebuilding expertise & capabilities

Investing in tools

- New development labs
- Co-located teams

Increasing skills

- New mid career training program to build expertise
- 8 graduates since 2010
- 40 in master's programs

Recruiting new experts

- Added 700 new hires since 2009
- Aggressive recruiting

Big Rooms: a new way to design & manufacture

- Functions sitting together sharing a common goal
- From consumer research to testing
- Build and try in a collaborative space
- Artists with engineers...engineers with operators

Making Lean the way we work



Why 3P?

- ✓ Quality built into the process
- ✓ Lower program costs...target 30%
- ✓ Shorter program cycle
- ✓ Employee ergonomics
- ✓ Drives double digit reduction in hours/unit, efficiency

The culture was missing



Continuing our journey: *making our model sustainable*

- Time is precious... Practice like you play
- You can only go as fast as you can learn
- Effective before efficient
- More culture, less process
- Alignment doesn't just happen
- Don't change more than you can...
but If you're offered \$1B, you take it



Questions?



Focus & Accelerate Your Lean Efforts By Using Your Transformation Model to Guide Capability Development.