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A Powerful Difference



LANTECH'S Walkabout Review (WaR)

Stretch Wrapping. Case Handling. Shrink Packaging. Palletizing. Conveying.

The Problem

The gap between
Lantech and competitors
has narrowed:

- Quality
- Innovation
- LEAD-time
- Cost

New Management System

Establish a broad base of people and processes to maintain and improve upon the current condition.

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Step One. . .

- Senior Leadership Boot Camp
- Understand the current condition of the work environment
 - Standardized Work
(Teach Managers to see Work)
 - Problem Solving
(Teach Managers how to put things back like they were)
 - Pull
(Gives the Manager a visual on what's going on)

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Boot Camp



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The Business Issue

I the business issue

The big 3 issues: Quality - Margin - Knowledge - Skill capture
are not improving at an acceptable rate:
(We are living off the past, and it will not last!)
(We are stuck in a loop of fire fighting vs fixing work issues)
(Plenty of direction but little responsibility)

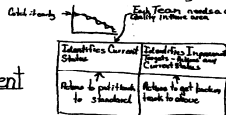
II We need to have a strong management system

- 1) Hold gains made through management quick response
 - 2) Enforce with time paid up from fire fight
- Two jobs of management

III Management System Components

- P - plan
- D - Do
- C - Check
- A - Adjust

Daily Operating Principle for how to maintain and improve or business vs looking for silver bullet.



IV Visual Management

W. walk
A. around
R. review

Owners of the case: Supporting an issue to be better - who takes action every 7 days
Support Managers: 5:30 finishing if "no" person in place can support the area today

If management is not defined... 100% of work is firefighting Current work.

We must be deliberate on how we manage the Current Condition so we can free up time for improvement.

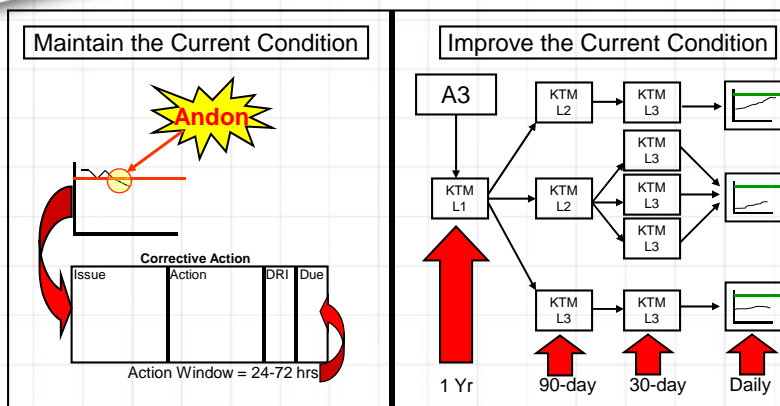
- Management happens at the work place in all a working process!
- How many people present and making decisions there.
- Separated between managers to free up time.
- Set process at each station
 - 1) Check Condition
 - 2) Analyze the cause
 - 3) Identify the problem or cause
 - 4) Plan to capture decisions - strategy (who - when - what)
 - 5) Follow-up feedback tracking (PDCA)

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Step Two. . .

- Standardized Management
- Visual Management

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Actions in response to a "tripwire"

Actions to achieve goals

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How we set it up

- Pick 1-2 metrics to start
 - Use existing metrics
 - Relate to most pressing business issue
 - Add other metrics once the system gets running and current metrics stabilize
- Set Andon lines (Triggers)
 - Must be based on current capabilities not desired targets
 - Anytime performance crosses the andon line, action must occur to return performance to normal levels

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WAR Evolution

- Round #1: Quality & Skills
- Round #2: Cost
- Round #3: Focus on “Improve” side of board

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Current Measures

- **Manufacturing**
 - # Defects per machine
 - # Skill gaps
 - \$\$ spent on production supplies

- **Technical Service & Spare Parts**
 - % Abandoned phone calls
 - # open customer issues
 - % order entry errors
 - % on time shipment
 - % shipment accuracy

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Current Status Plan Off Plan		Quality															
		Q-Semi		S-Line		Q-Auto		LR		Conveyor		Paint/Crate		Shrink		Case	
Mon	Audit Performed	7	6	1	1	0	1			3	1						
	Issues per Machine	1.33	.7	2.5	1.5	1	0			.25	0	1/6	1/6				
Tues	Audit Performed	7	7	2	2	0	1			4	1						
	Issues per Machine	1.33	.7	2.5	2	1	0			.25	0	1/6	1/6				
Wed	Audit Performed	7	8	1	1	1	1			3	5						
	Issues per Machine	1.33	.7	2.5	1.5	1	1			.25	0	1/6	1/6				
Thur	Audit Performed	7	8	2	2	1	1			3	5						
	Issues per Machine	1.33	1.2	2.5	2	1	0			.25	0	1/6	1/6				
Fri	Audit Performed																
	Issues per Machine																
Total	Audit Performed																
	Issues per Machine	1.33	1.1	2.5	1.1	1	0			.25	0	0	.2				

SKILL

Skill

	Welding	Assembly	Turnout	Paint	Crate	Quality Assurance	Team Leaders
Mon	Plan: 3, Actual: 1	Plan: 4, Actual: 1	Plan: 3, Actual: 0	Plan: 1, Actual: 0	Plan: 1, Actual: 0	Plan: 1, Actual: 0	
Tues	Plan: 3, Actual: 1	Plan: 4, Actual: 3	Plan: 3, Actual: 0	Plan: 1, Actual: 0	Plan: 1, Actual: 0	Plan: 1, Actual: 0	
Wed	Plan: 3, Actual: 1	Plan: 4, Actual: 3	Plan: 3, Actual: 0	Plan: 1, Actual: 0	Plan: 1, Actual: 1	Plan: 1, Actual: 0	
Thurs	Plan: 3, Actual: 1	Plan: 4, Actual: 2	Plan: 3, Actual: 0	Plan: 1, Actual: 0	Plan: 1, Actual: 0	Plan: 1, Actual: 0	
Friday							

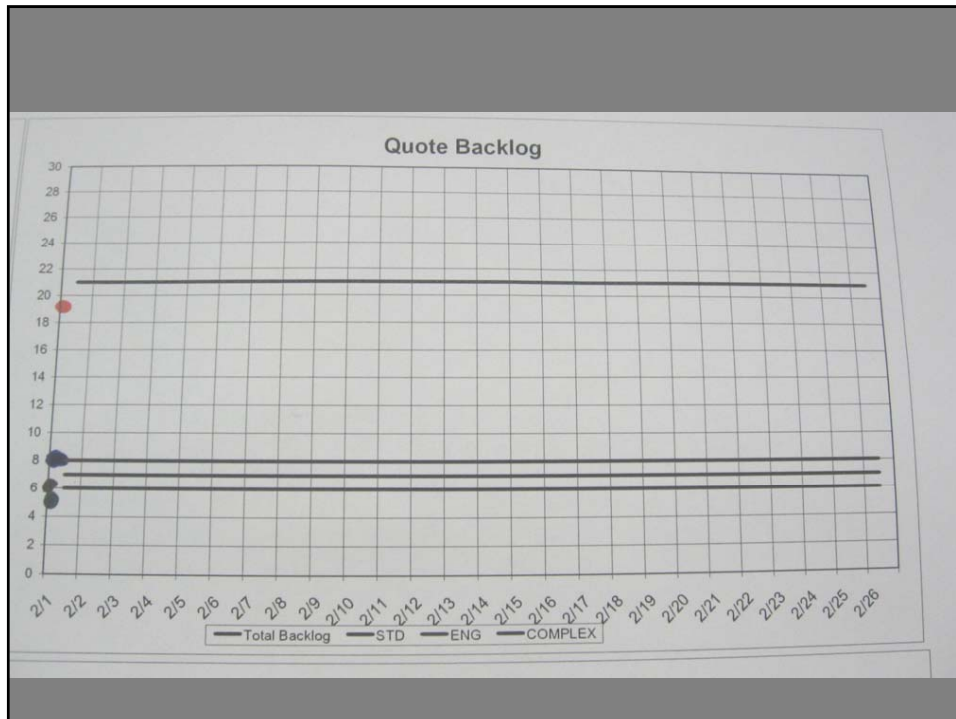
Skills Matrix

	Top frame 1 leg	Top frame 2 leg	F.D.S. W.A. 1 & 2	Auto Unit	Semi - Panel	Semi - Enclosure	R. R. Gates	Valve Assembly	Actuator	Pallet Grip	J-Box Cell	Set-up / Tear-down
DANNY	Yellow Square	Yellow Circle	Yellow Square	Yellow Square	Yellow Circle	Yellow Square	Red Circle	Yellow Square	Yellow Square	Yellow Square	Red Circle	
MIKE			Green Circle						Green Circle	Green Circle		
Carlos	Green Circle	Green Circle			Red Circle					Red Circle	Green Circle	
Nikki	Red Circle	Red Circle		Green Circle	Green Circle	Green Circle	Yellow Circle	Green Circle			Red Circle	
Foye				Yellow Circle	Green Circle	Green Circle	Yellow Square	Green Circle		Red Circle	Red Circle	
Brad			Red Circle	Red Circle					Red Circle	Red Circle		

Current Measures

- **Inside Sales**
 - # Quote backlog
 - % late quotes
 - % Abandoned calls (CRT)
- **Company Services/Accounting**
 - # AR Past due 60 days
 - # Maintenance work orders backlog

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Current Measures

- **Purchasing**
 - # Non-conformances
 - # Late shipments from suppliers
- **Engineering**
 - Engineering backlog/lead-time
- **Shipping**
 - On time shipment
 - % Shipping predictability (on-time arrival from Mfg)

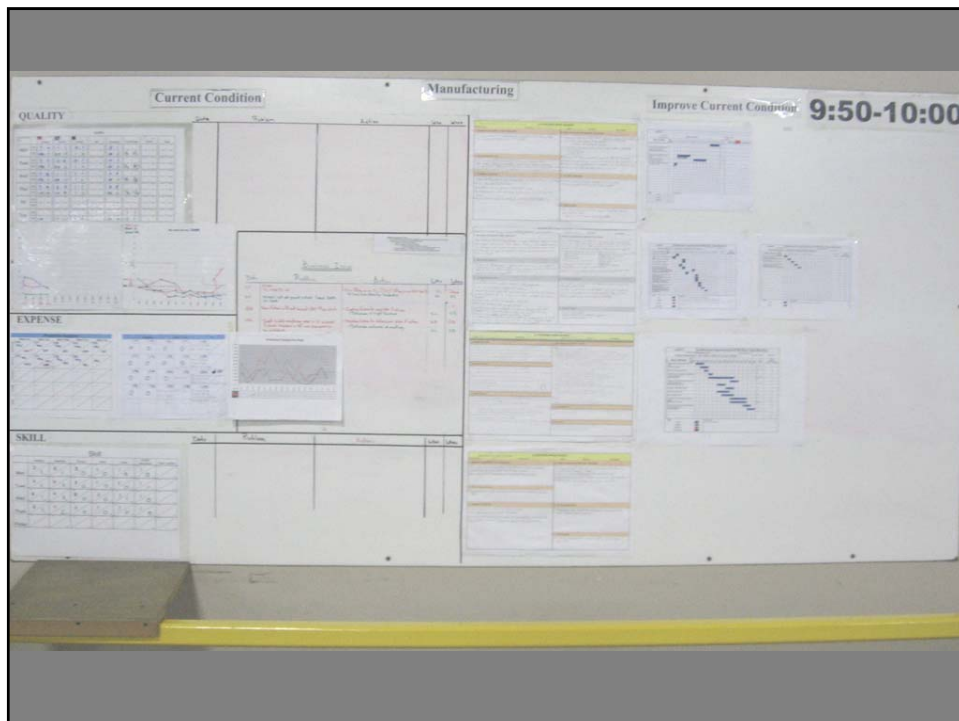
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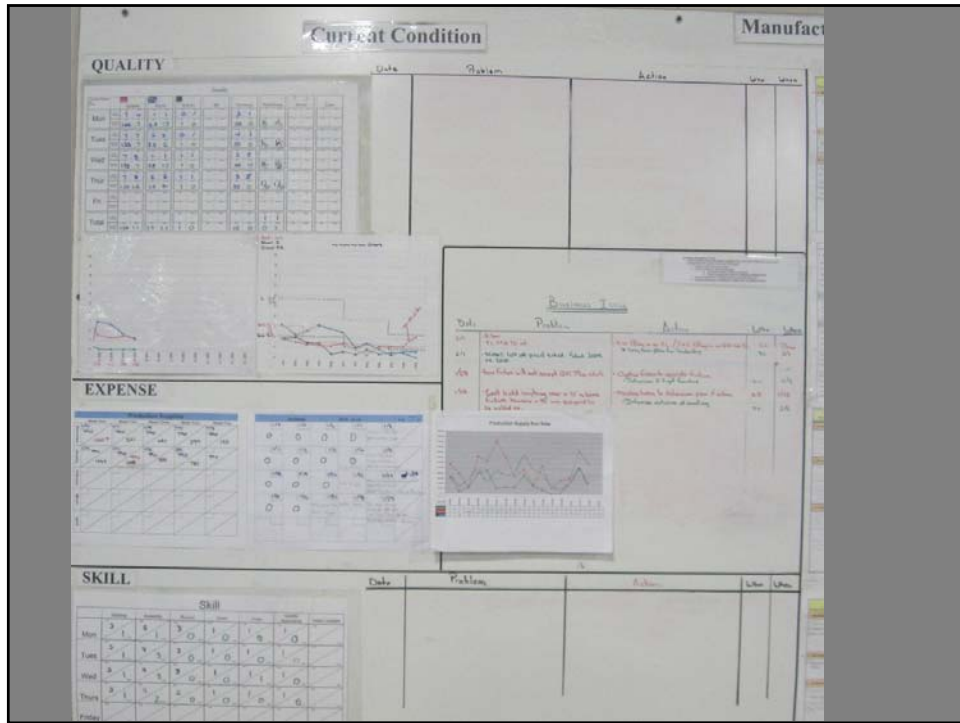
	MON	TUES	WED	THURS	FR.
2010	2-1	2-2	2-3	1-28 2-4	1-29 2-5
NON-CONS				7	0
WRITTEN ≤ 12				0	0
PENDING Process ≤ 2				17	18
PENDING Closing ≤ 18				23	24
EXP					
LATES:					
RECEIPTS					
LATES ≤ 14 98%				15 97.9	4 98.1
* Changing Reporting Procedure				703	209
* JMS LATES				0	0
Receipts				N/A	N/A
ISSUE					
ACTION					

How we set it up

- Go and do - let PDCA work
 - Set aggressive dates for getting small “chunks” up and running
 - Set up practice sessions with your team to get comfortable with the process
 - Build upon each “chunk”
- Don't worry about how the board looks – focus on what it does!

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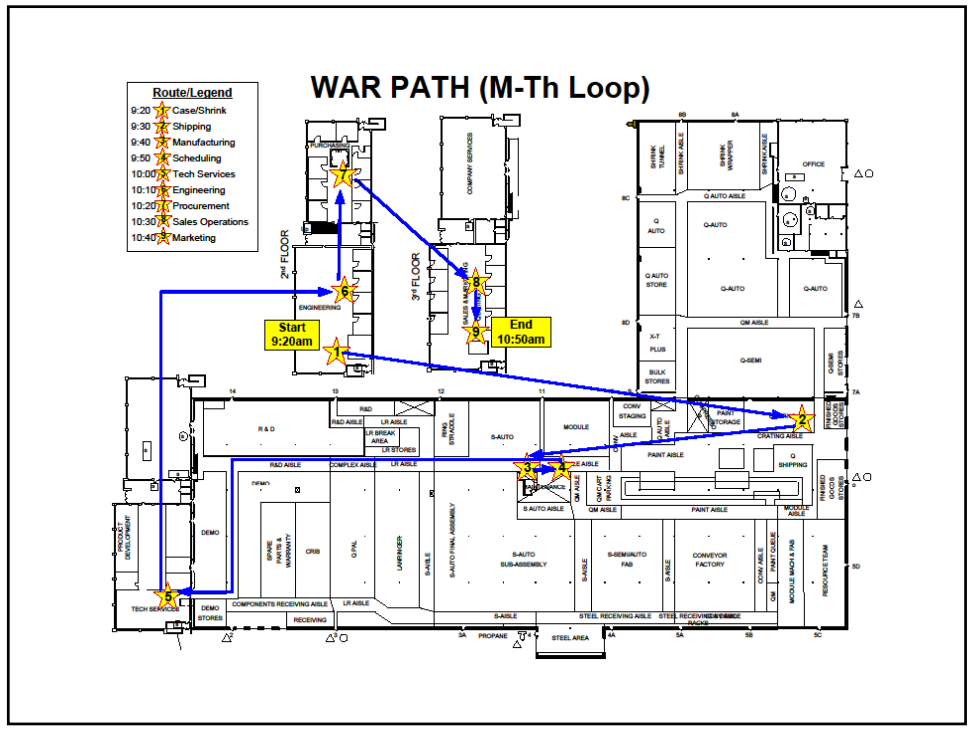


Business Issue

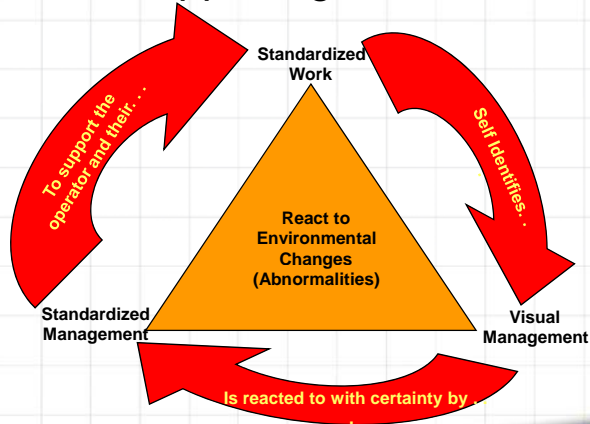
Date	Problem	Actions	Who	When
2/1	- Q. Som - FL J.Fab TL out.	- B.W. filling in as FL / J.V.F. filling in as QM Feb TL ↳ long term plan for leadership.	S.C	Done
2/1	- schmo2 left off panel sched. Sched. 2009 vs. 2010		S.C	2/1
1/28	- Base fixture will not accept QXT Plus skirt.	- Overtime Friday to upgrade fixture. - Determine if it got finished	S.C.	2/2
1/28	- Cant build anything over a 72" in base fixture however a 92" was designed to be welded on.	- Meeting today to determine plan of action - Determine outcome of meeting	D.B.	1/28
			S.C.	2/2

Production Supply Run Rate

Year/Period	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
2009	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000
2010	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000	1,200,000	1,500,000	1,000,000	1,800,000

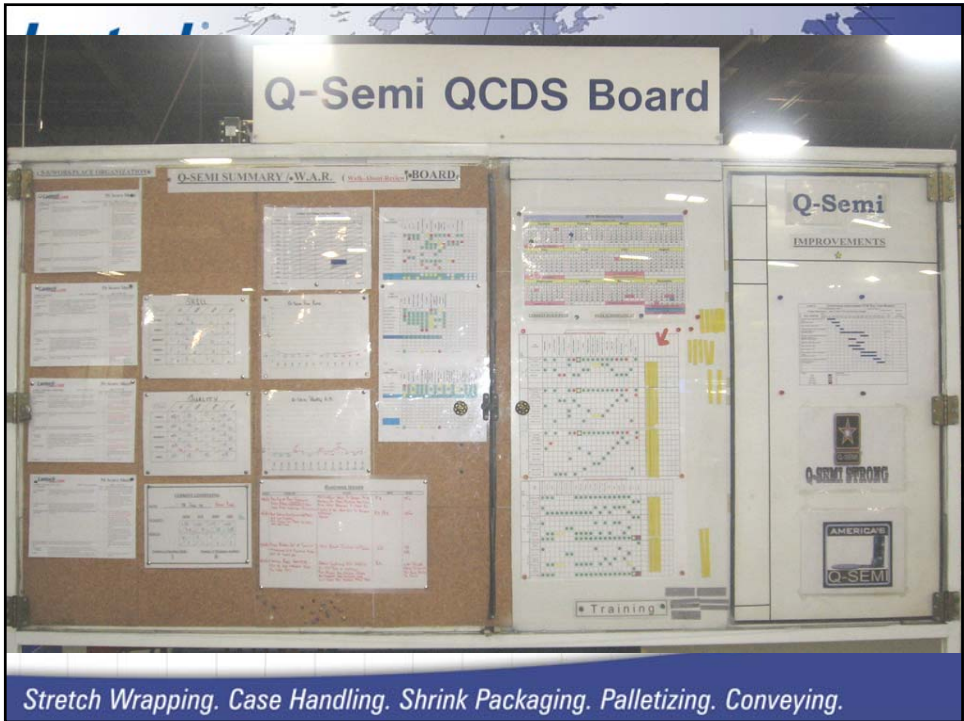


It's all about supporting the work at each level



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Q-Semi QCDS Board



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QUALITY

Blue = Plan
Red = CR Plan

	EAB	FEEDER	OPTION	AUDIT
MONDAY	.02 SKIPPERS 1	.12 .3	0	1.19 .85
TUESDAY	.02 0	.12 0	0	1.19 .71
WEDNESDAY	.02 0	.12 0	0	1.19 .75
THURSDAY	.02 .28	.12 .14	0	1.19 .87
FRIDAY	.02	.12	0	1.19

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Problems Solving Flow

- Metrics “roll up” into the next level’s boards
- Problems remain at the level in which they are solved
- Problems requiring resources outside of the manager’s span of control rise to the level that has the ability to resource the solution

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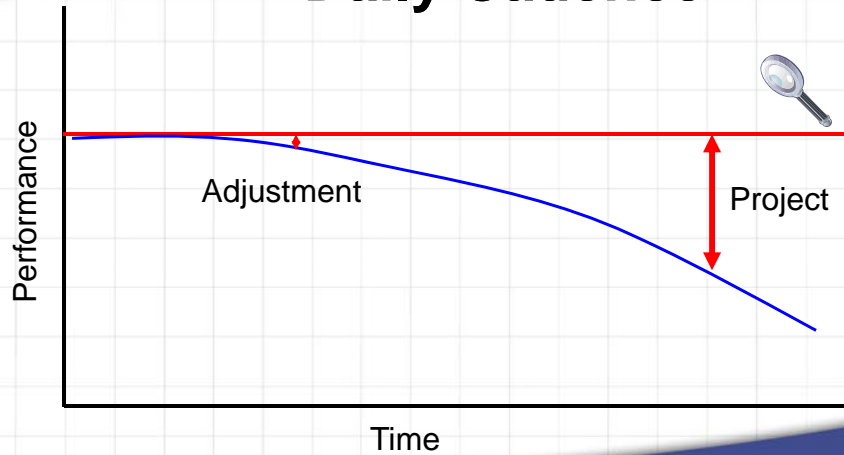
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Value/Benefits

- Catch problems when they're small
- Quicker decision making
- Links the business horizontally through the route the WAR takes
- Minimizes meeting time/maximizes problem solving time

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Daily Cadence



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Business Issues				
DATE	PROBLEM	ACTION	WHO	WHEN
18/01	RAN OUT OF BEST TENSOR TOLER PLATES (M4400017) 30ea HOLE HOLES UNDERSIZED. NOTIFICATION	NOTIFICATION IDEAL TO VENDOR FR. DAY. MORNING ALL PARTS RECEIVED HAD UNSU. SIZE HOLE. RESOURCE TO REAM TO CORRECT S. ZE. ALN. COM TO VENDOR W/REVISION MON. COM	T.A.	18/01
29/01/0	BEST TENSOR PART (30131389) TESTED NOT CUT CONSIST. BEST TENSOR COM PLATE 20131367 HOLE OVER SIZE		F.S. / P.H.	18/01
17/01/0	DOOR HINGES OUT OF LOCATION MEMBRANE M-4 MOUNTING HOLES OUT OF LOCATION	STIVE PALLACK RUNNING W/ISSUES	S.P.	11/01 17/01
12/01/0	CARRIER FABS 30047179 STILL NO M-B THROUGH HOLE FOR WECO MTS	VENDOR CONFIRMING ECM 028373 BUT NOT PART # 30084604 RYAN DEYAR HAS ENSURED VENDOR HAS CORRECT DWG REVISION AND WILL HAVE THEM REWORK PARTS THIS	R.B.	6 HAS REWORK ADDS TO M-4 56 - PARTS REWORK IN HOUSE

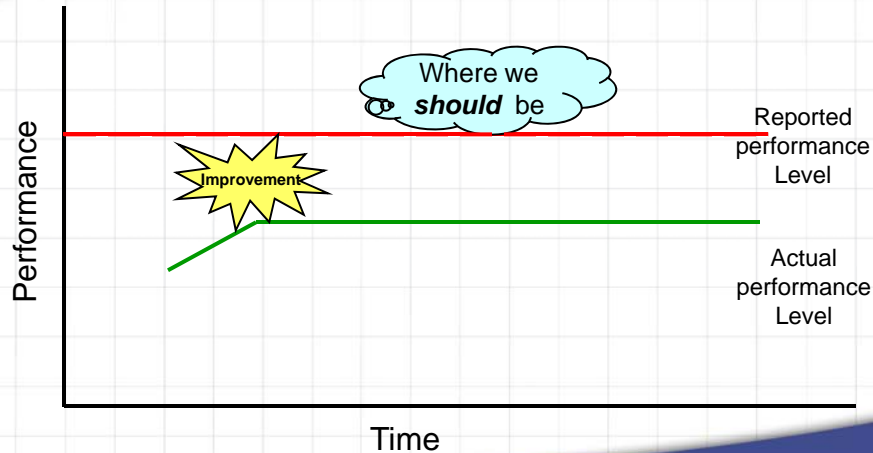
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Value/Benefits

- Gets managers closer to the work
- Management gains an in-depth understanding of how the business is doing **today**
- Frees up time to focus on improving
- The power of asking “anything else. . . ?”

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Where are the Results?????



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Value/Benefits

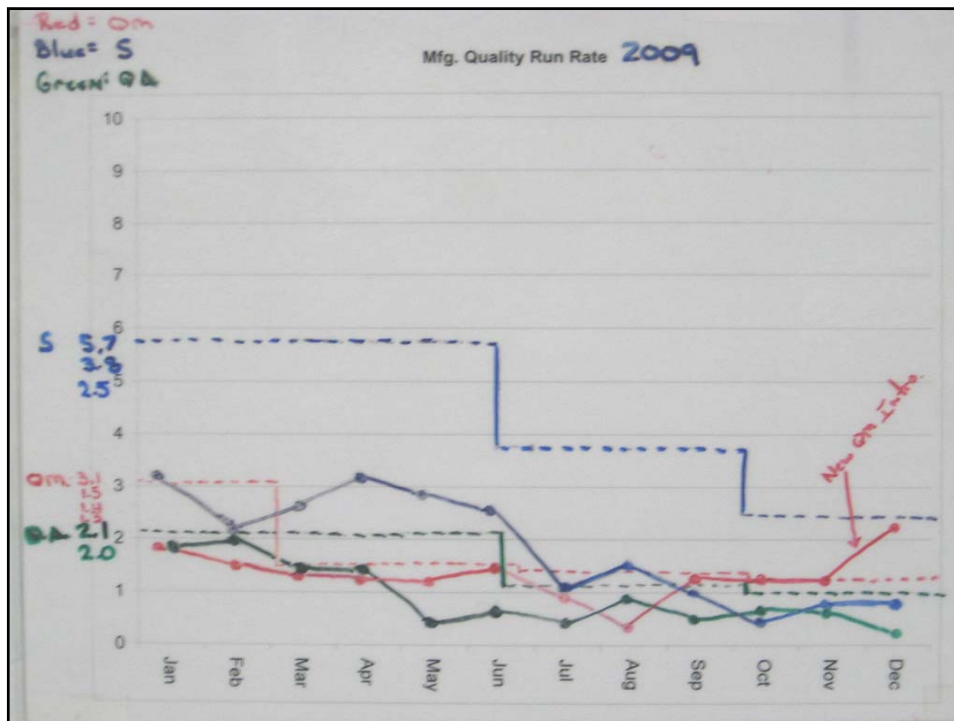
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Impact

- Less frustration
 - Know where to bring a problem
 - Can visually see the progress of solving problems
 - Lots of problems finally being solved
- Supports developing leaders faster
 - Daily “learn-do” cadence
- Maintaining the current condition often results in improving the current condition

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Quality Improvement Run Rate

Defects per Machine	January 2008	December 2008	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009
Q-Semi	5.4	3.1	3.1	1.5 -74%	1.4	1.3
Q-Auto	4.0	3.0	2.1 -50%	1.2	1.2	1
S Factory	14.0	4.5 -70%	4.5	4.5	3.8	2.5

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Pitfalls

- Boards primary purpose becomes reporting
 - Make the use of the boards part of the work
- The fine line between coaching/teaching and micromanagement
 - Keep problem solving at the right level.

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WAR Agenda

WAR AGENDA

1. Receive area update
 - a. Are audits occurring?
 - b. Are today's skill gaps covered?
2. Provide action update on outstanding issues
3. Are there any other business issues you are experiencing?
4. Recap outstanding issues/actions/DRIs/due dates
5. General issues/Miscellaneous

KEEP PROBLEM SOLVING AT THE PROPER LEVEL

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Challenges

- Engineering Quality
- Sales

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Managing Daily Work

- Product Development/Marketing
- Left side of the board is run like the right side of the board
- Keeps a daily cadence on project work
- Identifies project barriers so they can be acted upon

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