

HUI Expands Self-Directed Teaming to the Office

Growing the business by developing leadership in all areas.

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Give talented people clear-cut goals, the training and tools they need to reach those objectives, and the freedom to make improvements happen in a teamwork environment, and you've got a winning combination. That's what senior leadership at HUI in Kiel, WI figured several years ago. The privately-held company, with about \$20 million in annual sales, had been holding its own in its custom sheet metal markets back in 1999, yet cycle times and overhead costs were among nagging issues. Convinced that there had to be a better alternative to traditional management, CEO Kurt Bell, COO Dan Ruedinger, and other senior management looked for the means to create an environment that encourages risk-taking to grow themselves, their teams, and the business. Strongly positive results (increased throughput and other gains) achieved by production people then led to lean extension in office areas. HUI employees recently shared their story about the transition to office teaming during an AME workshop.

"In 1999, we had started with lean on the floor," Ruedinger said. "We shifted to work cells and also began making changes in strategy and in our customer base. At the same time we were working with a very traditional customer group that had a heavy industrial base. It was apparent to us that it was very difficult to differentiate ourselves to these customers and in these markets. As a response, we looked to integrate the advantages driven by lean into our sales and marketing strategies. This led us to a customer base filled with people looking for solutions to problems rather than

parts that needed to be made. This change and the response that was required were the primary drivers to accelerating the teams and lean efforts in the office. We simply needed to be able to deliver more solutions in shorter time frames than ever before."

Values Matter

Asking people to take a "leap of faith" toward team-based, lean operations had brought faster cycle times and cost savings in production. This shop floor lean experience helped to pave the way for

In Brief

Building on their success with shop floor teaming, HUI of Kiel, WI made the transition to office lean teamwork starting in 2002. Thanks to this approach — treating people as adults and providing them with the tools, freedom, and accountability to reach organizational goals — they've achieved increased throughput and other gains, as sales have continued to rise. Among their lessons learned: Commit to a long-term improvement process; leaders must change themselves so they don't get in the way of progress; align organizational strategy, marketing, organizational structure, decision making, and metrics; and make it safe for others to learn and try.

About HUI

Employees at contract manufacturer HUI, based in Kiel, WI provide services ranging from design and metal fabrication to powder coating, assembly, and supply-chain management. Approximately 110-115 people work at the non-union facility. Sales are approximately \$20 million a year. Product lines include panels, enclosures, medical carts, various assemblies, and other products. The company's existed about 70 years.

lean office operations starting in 2002. Yet management realized that their commitment to core values in day-by-day activities as well as their vision of success would continue to play a major role in acceptance of new ways. HUI's core values and vision are shown in Figure 1.

The HUI Improvement Model

HUI's continuous improvement model is based on a three-way combination of their strategic position,

lean concepts, and what they describe as "Murray/Adulthood" concepts. The company's strategic position, described by Ruedinger, is to "seamlessly integrate speed and expertise in design, manufacturing, assembly, and supply chain solutions to help customers achieve their goals."

The Murray/Adulthood concepts (developed by Pat Murray) contrast sharply with the traditional "military model" of top-down, centralized authority — "do as you're told." Instead, people are treated as adults and encouraged to use their

knowledge, skills, and creativity to achieve organizational goals. HUI employees were coached in these concepts by former team member and current outside consultant Eric Coryell. "He introduced the idea that people, like pack animals, are constricted by their fear of being separated from the pack," said Ruedinger. "When they are afraid, they don't speak up. So our general premise is that we coach people on how to talk about tough stuff — problem-solving issues, differences of opinion, teamwork, etc. We also do onsite and offsite team-building and training on individual learning styles, communication, and problem solving." In turn, HUI people use these skills and understanding to build overall performance-boosting capabilities: ownership of results, creativity, agility, and decision-making speed.

"Adulthood" challenges all employees — including senior management — to better their performance, said Ruedinger. Key adulthood qualities are shown in Figure 2.

Leadership/Coaching

Leaders need to evaluate what they want out of lean reorganization, advised Ruedinger. "It's more about the growth of people who work with you than simply focusing on your own growth; you can't fake

HUI's Core Values and Vision

Values

- *Integrity.* Be honest with yourself, talk straight.
- *Courage.* Dare to think and act differently.
- *Respect.* "See the good" in others; trust and act accordingly.
- *Passion.* In what we do and who we are.
- *Growth.* Learn from our mistakes.

Vision

- HUI will be the company of choice in all that we do today and tomorrow.
- Sell our story, not product. Tell us what your problem is and how we can help you.

Figure 1.

Adulthood

- Create an environment where people can be adults
- Growth — try, learn from mistakes, trust
- Transfer ownership of results
- Build teams
- Create a learning- and growth-based company.

Figure 2.

that," he said. "Most people don't get to leadership in business without being doers and tellers. Yet instead of telling people what to do, leadership needs to coach and teach, and to get people to ask good questions. You also need a longer-term perspective. Daily, you are making an investment for the future.

"At certain times, it can be tempting to go back to the old way. But after this month, you may then need to tell people what to do again. If you had let them make their own decisions — including some mistakes — then hopefully they will make better decisions as time goes on," he added.

The executive compared this approach to a sports model. "The coach doesn't play in the game," he said. "Their job is to prepare players for particular situations. Then the player executes it when the opportunity arises. My job is to prepare people on our teams — not to throw the pass."

Organizational Structure: Teaming, Eliminating Obstacles to Improvement

Team-powered activities in the office and shop areas keep the improvement wheels turning. Ruedinger said senior leadership

learned several years ago, through experience in shop floor teaming, that "your organizational chart and management structure are the biggest obstacles to improvement. We would rather invest in teams than in managers," he said.

After they'd "gone cellular" on the shop floor, HUI production people working in teams had learned how to make most of their products within a day or two. Yet overall leadtimes dawdled at one or two weeks. That led to the conclusion that leadtimes were not necessarily a shop floor issue. So HUI turned to "office lean" in 2002. Teaming seemed the way to go. Good choice. Since then, the company's Customer Business Development (CBD) teams succeeded in trimming waste (and cost) from their work flows (invoices, engineering drawings, etc.).

Each of the two CBD teams comprises nine people from sales, customer service, engineering, purchasing, and accounting functions. "Each team has its own group of customers, rationalized once a year. We are a job shop so they are not organized by product line," Ruedinger said. Earlier attempts to organize teams along geographical lines didn't work well. The teams

each have roughly ten customers and \$10 million in sales.

Asking questions about ways to sequence their work in line with customer demand and their takt time helped the CBD teams (over time) to streamline processes. "We didn't rock anyone's world too bad. We started small, with customer service and engineering," said Ruedinger. "Customer service people had been running up and down the hall, asking engineering people questions. It made sense to combine them in the same location. Then people realized how much time was spent looking for purchasing people, so we added them to the team. Sales and accounting people were added to the teams so we could end the shuffle back and forth."

CBD teams run one-to-three shifts to coordinate with the shop floor. Part-timers work according to demand. The teams develop their own (U-shaped) layouts and visual boards.

One of the tools used by CBD teams in their lean efforts is identifying their "products." These products range from estimates and quotes to engineering documents/drawings, shop packets/routings, and invoices.

The teams now have common goals and collaboratively solve their mutual problems. "They were already doing various smaller pieces of the process. Now our teams are self-accountable and self-sufficient in the office and on the floor," Ruedinger continued. "People are treated as adults. We don't tell them what to do, but what we want to accomplish. Teams create their own revenue goals for the year and understand how they can make it happen. They leverage their skills, knowledge, and talents to do that. Management and layers of organization would slow things down. We

would rather invest in people on these teams than in managers. All of our teams are self-directed."

More Transitions

Not everyone accepted the new ways. Some managers took on other jobs or left, and engineering people who didn't like the new structure also left over three years' time. Reasons why culture change is difficult include loss of control, confusion about the need for change, the need for upper-management buy-in, and some people just don't "get it." Ruedinger suggested that senior leadership find ways to reward people who learn and use improvement concepts, and also accept that the five percent of the workforce resistant to change may have to leave. Shop employees at HUI are paid based on skill level. All employees get a percentage of profits (shared equally).

HUI now hires using different criteria than in the past. A senior manager, human resources, and a team member (if appropriate) screen candidates. They narrow the field to three individuals. Criteria include team skills, self confidence, a willingness to express an opinion, conflict resolution skills, growth-minded (not just willing to stay in a comfort zone), in addition to technical skills and experience. Then the team that the job candidates may join interviews the three job finalists and hires the one they think is the best fit. The teams can also fire people if needed and do evaluations of each other's job performance.

Lean training (internal) for office as well as floor employees is part of the mix. They've also been trained in communications and facilitation, learning to take a risk when they believe it's a good call. Office folks spent time identifying

Before trying to change others, leaders need to change themselves — they may be the biggest stumbling block to progress!

ways they could apply the same lean principles for cycle time reduction, etc. as used on the shop floor. Every team member has a training plan for the year (they vary from year to year depending on current or projected challenges). Senior managers evaluate teams' (office and the floor) performance each month and then work most intensely with the three teams struggling most.

Office CBD teams aim to standardize layouts and devise new continuous improvement projects, as do their counterparts in the shop. "Right now, we are trying to decide if we need both purchasing and customer service people on each team or whether to have two customer service/purchasing (a combined job) people on a team," said Ruedinger.

Office Team Results

The teamwork at HUI is a work in process, according to Ruedinger. Yet early CBD efforts to eliminate wasted steps, emails, calls, and paperwork have brought substantial reductions in overhead. "In 2004 versus the previous year, we had more than a 15 percent increase in throughput sales per day per person on each of our teams," the executive said. "Sales are up 16 percent per person versus the previous year, so we are able to generate more business with the same amount of people.

"The average person in a traditional office spends an astronomical amount of time emailing and calling and waiting for a response. The best example is to look at how long receivables traditionally sit waiting to be collected for customer service and accounting and engineering to get together and settle issues. It can take weeks," stated Ruedinger. "In our setup, these people sit within 15 feet of each other and they resolve issues faster. Days' sales outstanding and leadtimes have come down significantly.

True Change

"We don't stress measurements, although leadtimes are down and throughput is up in the office; culture change has to come first. You can walk into a situation and improve it on a short-term basis, but you may not have effected lasting change. For example, I could do a kaizen event and reduce cycle time, but I may have shifted work to purchasing or another area," he continued. "The only way to gain true change is to change the structure and dynamics of a group. I focus on issues such as how are we doing with revenue, throughput, and cash generation — not micro stuff."

Asked what's on the horizon for continuing improvements, Ruedinger said, "We're making this up as we go along. We try to emphasize that if you put everyone in the same room who can set their

own goals for order to cash and cycle time, progress will happen. Our overall goal is to grow the business about ten percent a year and we've been successful in that. We realize that there is a need for ongoing change, and that without pressure from our customers, change doesn't happen."

Lessons Learned

Dan Ruedinger and Kurt Bell offered a number of "lessons learned" from the HUI lean experience to date:

- Critical leadership skills include committing to a long-term im-

provement process, providing vision, following through during the hard times, providing resources, and not swerving from your goals (no "flavor of the month" fads).

- Before trying to change others, leaders need to change themselves — they maybe the biggest stumbling block to progress!
- You get what you structure for and what you tolerate; evaluate your own organizational needs, and then commit to progress as a never-ending "journey."
- Align your organization's strategy, marketing, organizational structure, decision making, and metrics.

- Make it safe for others to learn and try.
- There is no single prescription for success. Challenge your paradigms and find what works best in your organization.

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