

HUI: What to Do When You Discover that Most of the Wasted Efforts and Delays Were Not on the Shop Floor

Through teamwork and trust, lean extends to administrative areas.

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Many of us have worked tirelessly to reduce cycle times on the shop floor, achieving significant gains that we can be proud of. Yet how many of us are willing to confess that there are even bigger time-wasting, cycle time-bloating activities in other areas of our organization? That realization hit the folks at HUI in Kiel, WI a while back. Unfazed by this finding — energized is more like it — they launched a full-blast, collaborative effort to turn things around. Their recent efforts to rev up cultural change — and their results — were discussed during a recent AME workshop, "Think Differently About Lean Leadership and Cultural Change."

A Good Question: Why Are You Here?

People speak plainly at HUI. They do not hesitate to let others know that things are going well or poorly. Trust and effective communication have been part of their culture for years. Employees need to

know three important things for true cultural change in this lean environment, according to Dan Ruedinger, HUI president. "*First, know your core purpose — why are you here?*" This is not a general mission statement," Ruedinger said. "We are here to create an environment that encourages risk-taking to

In Brief

Straight-talking people who readily share accountability as well as ideas and opinions populate the HUI work force in Kiel, WI. Associates recently shared their experiences in extending lean beyond the shop floor to Customer Business Development (CBD) teams. Trust and respect are essentials in this collaborative build-to-order operation.

promote and expedite growth. We need to learn and grow and try new things. We need to ask, 'How much are we doing today that we did not do yesterday?' Otherwise, we are restricting our ability to learn and grow. We need to educate people throughout the business so they understand about taking risk and about change."

Ruedinger thinks of senior leadership here as coaches rather than as top-down managers. He has 28 direct reports, which might sound like a heavy load, but works well in the coaching mode. "You spend time working with people and going over the plays, so they make the right call when the time comes," he said. That means employees need to know more than what helps the company bring in customers and make a buck. They need a teamwork spirit — an attitude of collaboratively accepting and thriving on risk when the build-to-order operation has a three-day window about what they'll build next. (They've got a \$900,000 backlog.)

The second key for success, according to Ruedinger, is alignment. "How do we get everyone pulling in

the same direction? Keep your goals simple; too many times people make simplicity difficult," he said. "We had to create a business development focus based on speed to market and truly solving problems for the customer. We need all of our resources to make that happen, and to be as close to pain or gain as possible. We needed to target our customers, not have them target us. We have to differentiate ourselves in the market, with an organizational structure to support it. Otherwise we'd find ourselves on a commodity ride that is not going to be a happy one."

Being selective about their customer base enables HUI to work with low-volume customers who can reward value-added work. "We have inventory turns at 40 to 45. We value risk-taking, service, and speed. That's why customers come to us," said Kurt Bell, who called himself a coach (he is CEO). HUI's ideal customer is described in Figure 1.

A question HUI people frequently ask one another: Did we make any money today? They'd better know the answer, or how to

get it. (The company's sales rose about eight to ten percent annually during the past few years; revenues and margins are up.)

Relying on employees to be accountable adults rather than "people just taking orders" is critical to HUI's success. "We are very big on culture. At the end of the day, all you have to sustain the organization is your culture and your people," Ruedinger said. "To be successful, an organization needs ownership of results, creativity, agility, speed in decision-making, teamwork, and initiative — that is, adulthood among all our employees."

Simplification in order to be accountable is the third success key listed by Ruedinger. It follows from the first two; basically, give people the information they need to understand and improve their performance against goals. "Otherwise, layers of hierarchy and decision-making can get in the way," the executive said. "People are already wired for accountability." HUI pared the list of key measurables to focus on ROI with customers who appreciate the value of their service.

About HUI

Employees at Kiel, WI-based HUI offer services such as design and metal fabrication as well as assembly, powder coating, and supply-chain management. Products range from medical carts to panels, enclosures, and other products. Their sales are approximately \$20 million annually. About 140 people work in the non-union operation. They have about 45 people on the first and also on the third shift, with about six or seven people on the second shift.

HUI's "Ideal Customer"

- Found through Customer Business Development (CBD) selling
- Values our speed (production leadtimes two weeks or less)
- Values our ability to solve their product problem: design engineering expertise, manufacturing engineering expertise, lower quantities to lower their inventory, and final assembly off our paint line (less inventory at their facility).

Figure 1.

Identify and chart your constraints, added Ruedinger. That information will help associates make good decisions about seeking customer orders, process flow, equipment acquisitions, etc. The executive noted that lasers are a current restraint; in the future, as more welding machines, etc. are added, the powder coating line will be a restraint.

Lean Inroads on the Shop Floor, Then the Spotlight Turned to Administrative Areas

Recounting HUI's lean journey starting in 1999, Ruedinger noted that they were feeling good about trimming cycle times from an average four weeks to two weeks, over two years' time. "Then we realized that the greater part of our leadtime was before orders got to the shop floor," he said.

HUI developed two Customer Business Development (CBD) teams to simplify and "lean" sales, design, and other areas that feed the shop floor, explained Dennis Van Beek, CBD 1 project manager. Each team is responsible for roughly \$10 million in annual sales. The nine-member teams comprise customer service, project engineering/estimating, new project engineering, a customer liaison, a "hunter" sales rep, design engineering, manufacturing, a manufacturing engineer, purchasing, and a controller (see Figure 2).

These teams provide project/estimating information to the shop floor teams so everyone knows what is open on a particular day and when is the next available time slot to work on a project. Color-coded tags on a heijunka board indicate the schedule in hourly increments. There are no

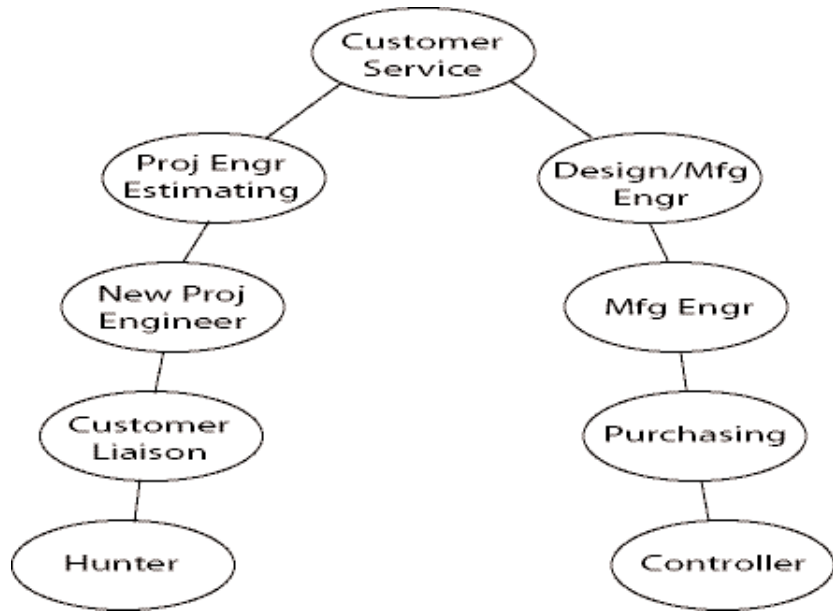


Figure 2. Two Customer Business Development (CBD) teams at HUI simplify and "lean" sales, design, and other areas that feed the shop floor. The nine-member teams comprise customer service, project engineering/estimating, new project engineering, a customer liaison, a "hunter" sales rep, design engineering, manufacturing, a manufacturing engineer, purchasing, and a controller.

secrets about job status.

The CBD members continually monitor their own performance in sales, quality, leadtime to the floor, and other key metrics. Each of the two teams has a standardized visual board to update job status and measurements. The teams select their own members, after an initial screening process by Bell and Ruedinger. As on the shop floor, CBD associates are expected to set clear performance expectations and measures, and to speak up about critical performance issues.

"We need to model the behavior that we wish to see in others," said Kurt Bell. "We coach people,

doing everything we can to help them act as adults, and to be team players." Everyone from a sales rep to a cell tech on the shop floor is expected to understand cash flow. They also track how the company's bonus program is faring; if the company is making money, the bonus is divided equally among everyone.

Selling Teamwork, Speed

Bob Rutten, customer liaison for CBD 1 (one of the two CBD teams), offered his perspective on shared accountability for \$10 million of the company's sales (see Figure 3). "We are looking for the



Figure 3. Bob Rutten (center), customer liaison for CBD 1 (one of the two CBD teams at HUI), and participants at the AME workshop.

ideal customer — who values HUI for our speed, and our ability to solve problems (engineering, assembly, etc.)," Rutten said. "The team — not an individual — works with project managers and sells to the customer." The team members all work collaboratively to smooth the flow of orders to the thin-gauge cell, the thick-gauge cell, and the exotic metal cell on the floor.

CBD team members sit nearby one another, in a cell-type, informal arrangement. The teams have morning "huddles" to discuss various issues twice a week, and also meet as needed throughout the week. This proximity enables team members to quickly get the answers to customer questions.

They've worked to standardize readily-available information for each job, such as prints, job instructions, tooling information, forming sequences, etc., according to Chris Freund, CBD 2 manufacturing engineer. Team members are cross-trained to handle questions when others are on vacation or ill. "We need people on our teams who understand that 'we' is more important than 'I' in getting things done," said Dennis Van Beek of CBD 1.

Rutten noted that fast response is essential when each CBD team is processing about 700 orders a month. The average lead-time is eight days: five days in the CBD and three days on the floor.

Cash flow-driven accounting supports this agile organization. Bruce Welnetz, CBD 1 controller, said that traditional job costing does not support lean operations. Inventory and most other assets are viewed as expenses. At the end of the month, they have about \$30,000 in finished goods. They ship about \$80,000 a day.

How Does Their Teamwork Work?

Trust and respect power HUI's collaborative work environment, according to Julie Cosich, new business development. "Unless you have these when you discuss issues with your team, you are not going to move forward," she said. "The real issues are issues that basically will turn your stomach to discuss, but they affect the group's performance — water cooler talk." Team capacity, team member selection, customer issues, and new and existing business projects related to the team measurements are among the topics that are fair game for discussion. "Each person is accountable for a piece of our flow — but it is the team's responsibility to hold each other accountable for that performance," she said.

These group dynamics are reflected in hiring practices, for example. The team screens candidates (internal or external) for many qualities — initiative, creativity, teamwork, and other factors. "We are not screening technical skills," Cosich said. "We are screening with questions such as: 1) What's the best team you have ever worked on? 2) What's the biggest conflict you have ever been in? 3) What are your intolerables (what bugs you)?" Candidates may be asked about hobbies, family, movies they like — other questions

Trust and respect power HUI's collaborative work environment ...

designed to bring out an individual's creativity, interests, and willingness to shoulder accountability.

Employees are also reviewed as fellow team members, and perhaps by their internal "customers." The forced rankings affect a percentage of their pay. Having your job performance rated by people who sit next to you at work can be uncomfortable. Some former employees and potential associates

have opted out, choosing to leave the company rather than submit to this give-and-take.

HUI employees understand that there is no guarantee of future success in their make-to-order world. Yet the accountability they share for collaborative, customer-focused decision-making — their day-by-day choices and actions — are pulling them forward on a long-term lean journey.

Editor's note: HUI's earlier teamwork aimed at overall organizational improvement was chronicled in the Target article, "HUI Expands Self-Directed Teaming to the Office," by Lea A.P. Tonkin, Sixth Issue 2005, pp. 35-39.

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